

## NEWS SUMMARY

## GENERAL

## Tories may face anti-EEC pressure

There is growing disenchantment among grassroots Tories over EEC membership, and there are prospects of increasing pressure for a withdrawal. This deep anxiety is reflected in the latest summary of reports sent in by more than 500 party discussion groups throughout the UK. The Conservative Political Centre's assessment has been sent to Ministers and party leaders. Pro-market leaders say the discussions were conducted last April and May when anti-EEC feelings were highest, and before Britain had settled its budget contribution problems. Back Page

## Dissident jailed

Yaroslava Volynskaya, a Moscow grandmother linked with the underground journal *Chronicle of Current Events*, was sentenced to four years' hard labour and five years' internal exile for anti-Soviet agitation.

## Iran assets plea

Iran's UN representative urged Washington to release an estimated \$800 million in Iranian assets as a gesture that might speed the Tehran parliament's debate on the 52 US hostages.

## Cubans seize jet

More than 150 Cuban refugees seized a Braniff Airlines DC-8 jet with 14 passengers at Lima airport, demanding to be flown to the US. Peruvian authorities are negotiating after blocking the runway.

## Spectacles probe

The Health Ministry is to inquire into the supply of spectacles through opticians after criticisms over the high price of glasses and low quality of frames. Back Page

## Goldsmith sues FT

Cavenham, Basic Resources International and Sir James Goldsmith have started libel proceedings against the Financial Times. The FT said the matter was being considered.

## Rebels defiant

Papua New Guinea troops are preparing to attack the stronghold of secessionist rebels on the South Pacific island of Espiritu Santo after their leader Jimmy Stevens refused to surrender.

## Quiet diplomacy

Israel seems to have accepted an Egyptian call for quiet diplomacy and is keeping silent about a message delivered to Cairo concerning the Palestinian question. Page 2

## Drilling starts

Exploratory oil drilling began at Noonkanbah in north-western Australia, a desert site held sacred by aborigines, despite protests and a boycott by trade unions.

## Street marathon

A 1,000-seat cinema in Salford is to screen a marathon 20 episodes of the TV soap opera *Coronation Street* tomorrow, admission free, as part of a local festival.

## Briefly ...

France has agreed to provide financial and technological aid for a nuclear power plant in Bangladesh.

A father is to give one of his kidneys to his son at Churchill Hospital, Oxford, because of a shortage of donors.

Chessington Zoo is offering a £100 reward for the return of a pair of snowy owls stolen from its aviary.

Esther Rantzen, whose husband Desmond Wilcox left the BBC after a row, is to do a new *That's Life* series.

## CHIEF PRICE CHANGES YESTERDAY

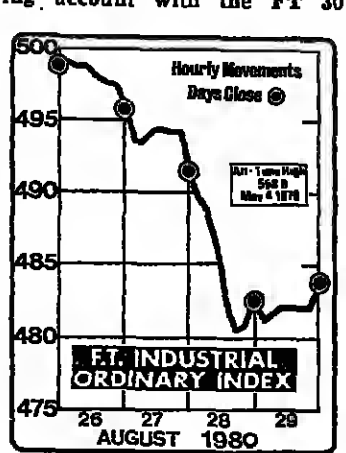
(Prices in pence unless otherwise indicated)

RISES		FALLS	
Treas. Variable '82	£98 +	BBA Group	34 - 6
Treas. 11pc 01-04...	£244 +	BPB Inds.	226 - 5
Treas. 3pc '66 Aft...	£244 +	Hoover A	120 - 5
Assed. Dairies	216 + 7	Horizon Travel	287 - 15
Caffyns	108 + 7	Michael (J.)	23 - 3
Commercial Union	102 + 2	Mounleigh	80 - 5
Dunlop	77 + 2	News Intl.	98 - 10
Eagle Star	235 + 4	Office & Electronic	358 - 7
HRK Rowland Wharf	780 + 40	Pilkington Bros.	243 - 9
Hong Kong Land	180 + 124	Vesper	41 - 20
Jardine Secs.	98 + 6	Wagoo Finance	211 - 31
Lee Cooper	153 + 4	Wiggins Construct.	215 - 10
Plessey	241 + 5	Yarrow	224 - 6
Progressive Secs.	107 + 16	Charter Cons.	442 - 18
Quest Auto	172 + 10	RTZ	74 - 6
Royal Insurance	421 + 9	Swan Resources	74 - 6
Sun Alliance	744 + 14	Whim Creek	88 - 6
Ashton Mining	452 + 16		
Impala Platinum	378 + 5		

## BUSINESS

## Equities rally; Gold \$3 off

● EQUITIES ended a depressing account with the FT 30



share index up 1.2 on the day at 483.9 to record a loss of 15 points over four days.

● GILTS regained a little of the recent sharp fall, though the tone was cautious ahead of Tuesday's banking statistics. The Government Securities index put on 0.02 to finish at 67.72.

● STERLING was firmer on the whole. It closed at \$2.3955, a rise of 70 points. Its trade-weighted index rose from 75.9 to 76.1. The DOLLAR was also slightly firmer, closing at DM 1.7910 (DM 1.7870). Its trade-weighted index rose to 84.1 (83.9).

● GOLD lost \$3 in very quiet trading to \$632.5.

● WALL STREET was up 3.07 to 933.45 near the close.

● SWISS NATIONAL Bank will allow foreign central banks to participate in private placement financings from next Monday as part of measures to promote controlled internationalisation of the Swiss franc.

● JAPAN'S GNP quarterly rate of expansion fell to its lowest for nearly three years, according to a preliminary report. Page 2

● WEST GERMANY'S balance of payments current account plunged to its largest monthly deficit for more than 20 years in July, though there was still a marginal trade surplus of DM100m (£23.25m). Page 2

● SACLOR-SOLLAC, second largest of the two French state-controlled steel companies, said it would shed more than 1,400 workers in the next few months in addition to the 8,500 agreed last year. Page 2

● CLWYD in North East Wales could have an unemployment rate of 18 per cent by the end of the year, the highest in mainland Britain. Page 4

● FORD MOTOR workers warned the company they did not intend to follow Talbot and Vauxhall in settling below the rate of inflation. Page 4

● VOLVO, the Swedish car manufacturer, reported first half pre-tax profit down SKr 40m to SKr 605m (£60.5m) on sales down by 1 per cent at SKr 11.57bn. Page 21

● ALCAN ALUMINIUM (UK) reported first-half pre-tax profits up from £3.6m to £7.2m, though current cost accounting reveals losses of £5.1m (£4.3m). Page 18; Lex, Back Page

● STONE-PLATT Industries, the engineering group, incurred a first-half pre-tax loss of £2.48m against a £738,000 profit in the same period last year and a £2.94m loss at end 1979. Page 18; Lex, Back Page

● PEERLESS, consumer product manufacturer, reported profits of £3.8m (£3.27m) for the year to end March, before tax and a £278,829 (£146,317) share of losses of discounted activities. Page 18

## Strikes in Poland spread as talks with unions go on

BY CHRISTOPHER BOBINSKI IN GDANSK

POLAND'S WAVE of labour unrest continued to spread yesterday, putting the country's Communist leadership under growing pressure to settle the 15-day-old strike in the Baltic port of Gdansk and thus relieve tension in the rest of the country.

Government officials and representatives of the Gdansk inter-factory committee (MKS) continued discussions yesterday on the strikers' demand for free trade union organisation. The talks were of small groups of experts because Mr. Mieczyslaw Jagielski, the chief Government negotiator, did not return for full plenary talks as had been expected. It is clear that success or failure over this issue will determine developments elsewhere in Poland.

The spirit of yesterday's talks was judged by the participants to be constructive and there are signs that progress is being made towards a compromise which would be acceptable to both sides.

The authorities now have to examine in detail a protocol which the strikers propose should be signed by both sides. It defines the roles of the new unions and provides Government warranties that their

establishments would not be prevented or impeded.

The MKS declares in the document that it recognises the leading role of the Communist Party and Poland's present system of alliances, points which are of crucial leadership in Moscow. The MKS also declared in the protocol that the new unions will not develop into a political party but will limit their role to defending working-class interests.

Yesterday's talks revealed that Polish Government negotiators are in general satisfied with the proposed protocol. The document also states that the new trade unions should have "real opportunities of expressing their view on key decisions which determine the living conditions of working people."

These would include how Gross National Product is to be divided, prices and wages policy, long-term economic plans and investment decisions.

Delegates of copper ore miners who reached Gdansk yesterday reported that some 20,000 miners and other workers have been on strike since Wednesday night in the Lublin area in Eastern Poland, in solidarity with the Gdansk MKS.

Three out of four of Poland's copper mines—an important

source of hard currency—were now on strike. The fourth mine near Lublin itself, is working but has put forward its own demands.

Reports have also reached Gdansk of unrest at a coal mine in Silesia—the country's industrial heartland—which has until now scarcely been affected by the labour unrest. On Thursday the Manifest Litewy mine in Jasztarzewo went on strike in solidarity with the MKS demands.

Public transport workers went on strike in much of Poland yesterday, and strikers were continuing in the important industrial cities of Lodz, Wroclaw and Wroclaw.

Leslie Collitt writes from Berlin: East Germany has put the blame for the mass strikes in neighbouring Poland directly on the leadership of the Polish Communist Party and on Mr. Edward Giersek, its leader. This may indicate that the Soviet Union, with which East Germany is closely in tune ideologically, is beginning to consider more wide-ranging changes in the Polish leadership.

Continued on Back Page

TUC acts to end row over Polish visit, Back Page  
Brezhnev attack on U.S. policy, Page 2

## Sterling at \$2.40 in New York

BY DAVID LASCELLES IN NEW YORK

STERLING reached an historic marker yesterday at \$2.40—the level prevailing from the Wilson devaluation in 1918—after the abandonment of fixed exchange rates in the early 1970s. Since then it has sunk as low as \$1.56 at the height of the sterling crisis of the mid-1970s.

But little ceremony attended yesterday's event. Sterling edged up from the previous night's close of \$2.3950 on the strength of only two purchases by Middle East buyers in a very thin market. Most traders had already left for the Labor Day holiday weekend.

The market has also been susceptible to some technical pressures as banks and corporations try to square their books before the end of the month. Earlier this week, the pound gained a couple of cents with news of a new North Sea oil discovery, and this left it poised on Thursday to reach \$2.40.

The dollar was also gener-

ally weaker yesterday, despite the recent rise in U.S. interest rates. It shed a point against the D-mark to DM 1.7850.

HOW THE £ HAS RISEN			
	Closing rate	% change in last	% change in month
Against dollar	2.40	+2.3	+2.3
Against Deutsch mark	4.68	+2.6	+2.6
Against Deutsche Mark	4.29	+2.6	+2.6
Against Spanish peseta	174.4	+3.9	+3.9
Against Italian lira	2,046	+4	+4
Against French franc	9.95	+2.6	+2.6

\* In New York

However, U.S. interest rates checked their upward movement when the Federal Reserve intervened to prevent the key Fed Funds Rate from going over 11 per cent. This is the first time the central bank has shown its hand since short term rates picked up two weeks ago, and it gave

the market an indication that the Fed may think rates have gone high enough for the time being.

Peter Riddell writes: The big appreciation of sterling, particularly in the last 18 months, reflects the combination of Britain's favoured status as a major oil producer, high UK interest rates relative to those abroad, and the large increase in the surpluses of oil producing countries available for investment.

Sterling has appreciated not only against the dollar but also compared with the main Continental currencies against which it has recently been trading four and five year highs.

The rise in the pound has had the twin effects of reducing the cost of imported goods into the UK, thus helping to contain inflation, and of contributing to a very large deterioration in the competitive position of British goods.

## Courtaulds to shed 1,200 jobs

BY SUE CAMERON, CHEMICALS CORRESPONDENT

COURTAULDS, the troubled UK textiles group, will shut seven mills in the Manchester area with a loss of 1,200 jobs. The latest closures bring the cut in the company's workforce to 9,820 in just over 18 months.

Courtaulds said yesterday the seven mills would lose an estimated £2m between them this year if they were kept open. They lost £700,000 in the last financial year and there were losses of £430,000 between April and June.

Courtaulds blamed the strength of sterling and overcapacity in the textiles industry for the shutdowns. The seven mills which are to close all belong to Courtaulds Northern spinning division, which traditionally exports 20 per cent of its production. The group said that the strong pound had enabled competitors to make inroads into its export business, and that it was also under growing pressure from imports to the UK.

The 1,200 redundancies will affect 15 per cent of the division's total workforce of 8,000. Nearly all employees in the division have been on short time for some months, some of them working only two days a week.

The 42 mills in Courtaulds Northern spinning division—including the seven which are to close—have the capacity to produce between 60,000 and 70,000 tonnes of yarn a year. But the group said that demand was well below production capacity, and seemed likely to remain low for the "foreseeable future."

It added that production would probably continue to outstrip demand after the closures.

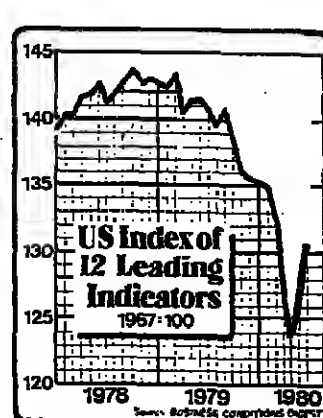
The plants to be shut down are the Cedar mill at Ashton under Lyne, Maymill at Wigan, Isaac Pearson mill at Stockport, Premier mill at Stalybridge, Royd mill at Oldham, Throstlebank mill at Hyde,

and Moston mill in Manchester. Courtaulds, which made pre-tax profits of £88.1m in 1979-80 against £64m in the previous year, said that all the mills were old. The group had been carrying out a modernisation programme over the last few years, and was now concentrating its production in its newer units.

Courtaulds announced a series of closures and redundancies three months ago. These included the shutting down of a fibre-producing plant in Northern Ireland with a loss of 500 jobs, the closure of two factories in Cumbria with a loss of 670 jobs, and the scrapping of three Lancashire mills with a loss of 750 jobs.

When Courtaulds results came out last month, Mr. Christopher Hogg, chairman of the group, warned that "the next two years will not be easy by any standards."

United Glass seeks to minimise effect of job cuts, Page 4  
Stone Platt loses, Page 18



## Surge in key U.S. index

By David Buchan in Washington

THE U.S. Index of Leading Economic Indicators rose a record 4.8 per cent to July. The July figure, reported yesterday, strongly suggests that the recession is easing just as President Jimmy Carter has announced his "economic recovery" plan.

Last month's rise in the index, which is designed to gauge the future path of the economy, was the biggest since the 3.2 per cent jump in June, 1975, when the U.S. began to pull out of its last recession.

The report was good news for President Carter, although it could be seen as throwing some doubt on the need for a new programme. The rise tends to support the Administration's emphasis on long-term business productivity rather than a quick stimulus in its \$27.5bn (£11.5bn) tax cut plan for next year.

Nine of the ten components of the July index showed an improvement. The biggest factor was a decline in the rate of manufacturing sector layoffs.

Republican leaders yesterday joined Mr. Ronald Reagan, the Republican presidential candidate, in criticising President Carter's economic programme. Senator Howard Baker, the Republican leader, denounced it as "a political ploy." But at the same time, Senator Baker conceded that it contained some Republican elements. "Though it comes too late, and is unduly political, it is a step in the right direction," he said.

The new plan would offset the burden of scheduled social security tax increases on individuals next year. But its thrust is to try to increase business investment by allowing companies to set the cost of new plant against tax more rapidly. This should give money-losing companies some cash to defray the cost of new investment.

The tax cut proposals are accompanied by a \$4.7bn planned increase in Federal spending, chiefly to help depressed regions. The Administration claims the total package would not fuel inflation as Mr. Reagan's larger tax cut plan would.

Wall Street worries about budget, Page 2

## Post Office's accounts are qualified

BY GUY DE JONQUIERE

THE POST OFFICE'S latest report and accounts have been heavily qualified by its auditors. They have said they do not have enough information to judge whether the accounts give a "true and fair view" of the corporation's financial position or meet the requirements of the Post Office Act.

The auditors, Touche Ross and Coopers and Lybrand, ascribed their disclaimer mainly to the effects of the six-month strike by Post Office computer staff last year. This had disrupted accounting procedures, particularly on the telecommunications side of the business, and had prevented proper records from being kept.

Sir William Barlow, the Post Office's outgoing chairman, said that the accounts had proved "exceptionally difficult" to prepare and fell short of normal standards of reliability. But he believed that they were "substantially accurate."

According to the report, the Post Office's current cost profit for the year ending March 31 fell almost 21 per cent to £297m from £375.1m in the previous financial year.

The fall would have been even steeper, by 52 per cent to £174.8m, but for the inclusion of exceptional gains of £122.2m derived from the sale of property and a discount on early repayment of loans.

The poor overall performance was entirely due to a 62 per cent drop in profits (before exceptional gains) to £129.1m on the telecommunications business. The Post Office blamed the decline on the effects of last year's strike and on inflation.

Though the corporation funded its whole investment programme internally, Sir William again warned that the

quality and efficiency of the telecommunications service would suffer if the Government continued to prohibit the Post Office to finance part of its investment needs out of borrowing.

Sir William expressed concern that the Post Office had been obliged to raise postal charges twice and telecommunications charges once during the past financial year when, he admitted, its standard of service was below requirements.

But without the increases, the postal service would have incurred a loss of about £35m. Instead of returning a profit (before exceptional gains) of £34.1m.

The Post Office has already announced plans to increase telephone charges again from November 1 by up to 22 per cent to meet the cost of its recent wage settlement with its engineering staff. It is also expected to raise postal charges by as much as 3p for a first class stamp early next year.

Mr. Denis Roberts, managing director of posts, said that the reliability of mail services was well below standard during the last financial year, with only 83 per cent of first class letters being delivered a day after postage. But performance had improved later in the year.

According to Post Office figures, the quality of telephone service was maintained in a year when the volume of telecommunications business rose by 8 per cent.

The Telecommunications Users' Association, an independent watchdog body, claimed, however, that the Post Office's figures conflicted with the experience of subscribers.

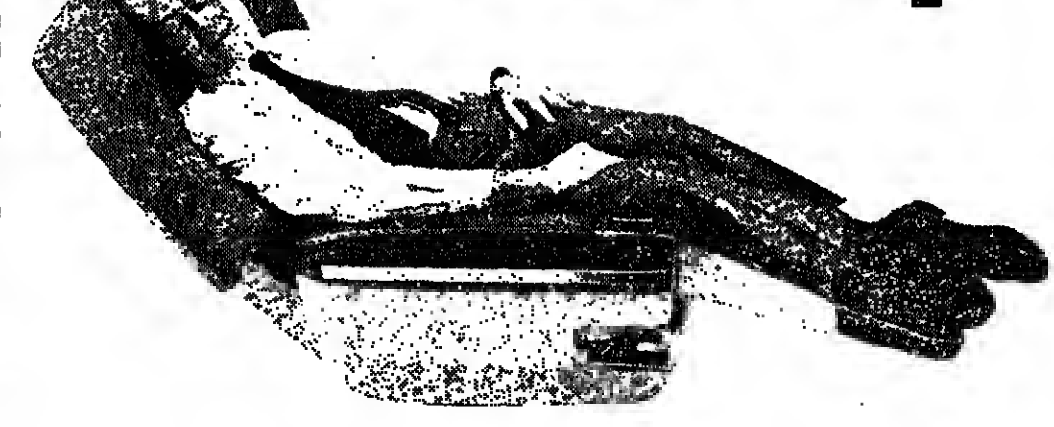
Lex, Back Page

## POST OFFICE RESULTS

	1979-80	1978-79	Change %
THE POST OFFICE — Total			
Profit before other gains*	174.8	364.4	-52.0
Profit	297.0	375.1	-20.8
TELECOMMUNICATIONS:			
Profit before other gains	129.1	336.4	-61.6
Profit	236.1	347.7	-32.0
POSTS:			
Profit before other gains	34.1	33.1	+3.0
Profit	49.3	33.1	+48.9
NATIONAL GIROBANK:			
Profit	9.5	4.6	+106.5
POSTAL ORDERS:			
Profit (loss)	2.1	(9.7)	—

\* Other gains derived from property sales and discount on early repayment of long-term loans.

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## OVERSEAS NEWS

## Record deficit on W. German current account

BY KEVIN DONE IN FRANKFURT

THE current account of the West German balance of payments plunged in July into its largest monthly deficit for more than 20 years.

Despite reports that the trade balance would also show a deficit in July for the first time, official figures released yesterday by the Federal Statistical Office show that West Germany still managed to achieve a marginal trade surplus last month of DM 100m (£23.25m).

The trade surplus has been so diminished in recent months, however, chiefly through the near-doubling cost of imported crude oil, that it is no longer capable of offsetting the traditional deficit on West German "invisibles."

When services and transfer payments are included the current account shows a deficit for July of DM 5.2bn compared with a deficit in the same month last year of DM 2bn and a deficit in June this year of DM 3.2bn.

As news of the trade figures hit the foreign exchange bourse, the Deutschmark was boosted significantly against the U.S. dollar to DM 1.7890 compared with an opening rate of DM 1.7820.

Foreign exchange dealers had followed the earlier rumours that the trade balance itself would slip into deficit this month. Later in the day, however, news of the much larger current account deficit began to sink in, allowing the dollar to climb back to around DM 1.7827, with a closing price of DM 1.7855.

The July current account has been hit heavily by seasonal factors, including in particular

a heavy deficit on the travel account with the wave of West Germans taking foreign holidays at its peak.

Details for July have not yet been released, but in the same month last year the deficit on foreign travel was DM 3.2bn compared with DM 2.2bn the previous month.

In addition, the July current account this year has also been burdened by heavy interest payments and by transfer payments to supranational organisations such as the European Community.

On the trade balance West German exports in July of DM 29.3bn showed a creditable nominal increase of 10.5 per cent. Exports last month were also DM 29.3bn higher than in June.

Imports, however, are rising even faster in nominal terms. In July they jumped to DM 29.17bn, an increase of 12.6 per cent over the corresponding month last year.

For the first seven months of 1980 the Federal Republic has already run up a current account deficit of DM 17.4bn compared with a deficit in the corresponding period last year of only DM 1.5bn. In the same time the trade surplus has fallen to DM 4.6bn compared with a surplus of DM 15.5bn in the first seven months of 1979.

For 1980 as a whole the Bundesbank, the West German Central Bank, has already forecast that the current account deficit will be at least DM 25bn compared with DM 10.1bn last year, the first year the Federal Republic had been in deficit since 1965.

## Three-year low in Japan GNP growth

By Richard C. Hanson in Tokyo

THE LATEST indicators of Japan's inflation-adjusted economic growth, and inflation, are likely to prompt further pressure for a faster unwinding of tight credit policies, which authorities began to loosen cautiously last week.

Real gross national product (GNP) growth in the April-June quarter fell to 0.6 per cent from the January-March quarterly pace of 1.8 per cent—the lowest quarterly rate of expansion in nearly three years, according to a preliminary report.

On an annual basis, GNP was running at 2.5 per cent compared with 7.6 per cent in the previous three months.

Officials at the Economic Planning Agency now calculate that the economy will have to maintain a 1.2 per cent quarterly rate of increase for the remaining three quarters of this fiscal year to attain the targeted 4.8 per cent growth rate for the year.

Private economists now expect that the authorities may consider another decrease in the official discount rate, perhaps as soon as October. The rate was just cut to 8.25 per cent from the record 9 per cent level in force from April 1979.

This is mostly because of signs that inflation may have peaked in August, and that the yen is firming on exchange markets.

The consumer price index for the Tokyo area in August, also announced yesterday, showed a 0.2 per cent decline from July, the first monthly decline in nine months. Although the annual rate of inflation of 8.5 per cent was the sharpest in three years, the authorities feel the "danger point" on prices may have passed.

The internal economic sector in the latest quarter carried half of the 0.6 per cent in growth. This, however, was mostly attributable to a decline in the contribution from exports.

## British Steel agreement for S. Korea

By Charles Smith in Seoul

TWO LOAN agreements that will help finance the sale to South Korea of some \$20m worth of structural steel from the British Steel Corporation were signed yesterday in Seoul.

The loans are being extended by a consortium of four British banks to the Seoul City Government. The banks are Lloyds International, Barclays International, Standard Chartered and International Commercial Bank.

A \$25.6m loan will finance a credit guaranteed by the Export Credits Guarantee Department (ECGD). Another \$3m is being lent to finance steel deplete purchases from a South Korean manufacturer. As well as financing the credit for Seoul City, the banks are participating in the ECGD-guaranteed supply credit for British Steel.

The structural steel purchases are one of the first contracts placed by Seoul City for the construction of lines Nos. 3 and 4 in the city subway system. Foreign procurement for the two lines is eventually expected to total about \$300m.

Japanese companies secured the lion's share of orders for the first two subway lines but British companies are expected to carve out a substantial portion of the new orders.



President Brezhnev, Poland omitted.

## Brezhnev attack on 'dangerous' U.S. policy

BY DAVID SATTER IN MOSCOW

MR. LEONID BREZHNEV, the Soviet President, yesterday accused the U.S. of pursuing a "dangerous" foreign policy which blinded itself to historical change and failed to recognise the "new balance of forces in the world."

In an ostensible review of the world situation which omitted all mention of the crisis in Poland, Mr. Brezhnev particularly criticised the decision by NATO to deploy new, medium-range U.S. missiles in Western Europe and the new U.S. strategy of a "limited" nuclear war.

The troubles in Poland were only touched on in a brief, separate commentary by the Soviet news agency Tass which charged that the West German media were trying to interfere in Poland's internal affairs. The news agency accused West German media of unleashing "an outrageous anti-Polish campaign of slander."

Tass said that West German newspapers, radio and television were speculating on Revanchist sentiments among West Germans and said a Revanchist group in Bonn held a meeting under the slogan "to change the political structure in Poland."

Speaking in the Soviet Republic of Kazakhstan, Mr. Brezhnev said that the decision to deploy 600 Cruise and

Pershing-2 missiles in Western Europe from 1983 had been imposed by the U.S. on its allies. He said that the U.S. strategy for a limited nuclear strike was extremely dangerous for the whole world and added: "It is hard to imagine that it emanates from the government of the country which has signed the agreement with the Soviet Union on the prevention of nuclear war."

The Soviet president also belittled the effect of the U.S. boycott of the Moscow Olympics and the U.S. grain and high-technology embargoes and declared:

## THE CARTER RECOVERY PACKAGE

## Wall Street fears a widening budget gap

BY DAVID LASCELLES IN NEW YORK

DESPITE THE benefits that President Carter's industrial revitalisation measures could bring to down-trodden industries, Wall Street was yesterday more concerned with the inflationary implications of the package, and the new gap it could open up in the Federal budget deficit.

In fact, if the measures are adopted, the prevailing view is that it will push into the even more distant future any prospect of the Administration balancing its budget, a 1978 election promise that has so far eluded President Carter.

By the White House's calculations, the tax cuts contained in the package, along with other measures, will reduce federal revenues by \$27.6bn next year, rising to \$58.3bn in 1985.

But the White House argues that its measures will prove so stimulating that part of the revenue drop will be compensated by extra growth, leaving next year's deficit at only \$3.7bn.

However, even if this figure is acceptable (and Wall Street believes it to be widely optimistic), it will aggravate a budget deficit which Washington calculates will be in the \$30bn range. This marked a sharp retreat from President Carter's 1979 prediction that the 1981 budget would be in surplus.

This year's budget deficit is expected to be over \$60bn, the second worst in U.S. history, because of the impact of the recession on tax revenues and social security outlays.

This is equivalent to about 10 per cent of the \$600bn or so the U.S. government will spend this year.

Mr. Irwin Kellner, chief economist at Manufacturers Hanover, said yesterday that he expects next year's deficit could turn out to be more than

twice the \$30bn or so the White House projects, aggravated by the economic renewal programme.

He noted that soaring federal borrowing requirements along with the new credit needs of industry could "jeopardise both the stability of the financial markets and the ability of the Federal Reserve to maintain an effective inflation-dampening monetary policy."

Although inflation is currently abating, few economists seriously believe that this trend will continue, partly because the recent deceleration is due to temporary factors. But looking ahead, they are also worried that the Government's failure to keep the budget in check has only consolidated the country's inflation psychology, and virtually guarantees that prices will continue their upward spiral.

The other aspect of the package that concerns Wall Street is the plan to pay investment tax credits in cash in some cases. Normally, a company can deduct from its tax bill ten per cent of the value of capital investments it has made in the tax year. However, this credit is of little use to companies that have made no profits that can be taxed in the first place.

Mr. Carter wants to be able to repay companies in this predicament with a partial cash refund. While industries like cars and steel who are making losses welcome this proposal, economists in Wall Street see it as a further weakening of the industrial discipline needed to weed out ailing industries and encourage profitable ones.

If carried to an extreme, this process could only undermine the very industrial revitalisation Mr. Carter wants to achieve, they say.



Mr. Lane Kirkland: easing transport bottlenecks.

## IMF hopes of direct OPEC loans increase

BY DUNCAN CAMPBELL-SMITH

THE LATEST trip to the Gulf by M. Jacques de Larosiere, the managing director of the International Monetary Fund (IMF), has lifted IMF hopes of more direct help from the rich Arab oil states for the Fund's efforts to assist the deficit-stricken countries of the Third World.

Plans for the IMF to borrow \$25bn (£10.5bn) over the next three years were disclosed at the end of M. de Larosiere's brief visit which ended on Thursday. A World Bank Report published last Monday raised the idea of setting up an affiliate agency to invest \$25bn in developing the energy resources of the poor oil-importing countries.

Talks were held with government officials in Kuwait and the UAE. They followed earlier meetings with Saudi Arabian officials in Washington in June. These three states account for 60 per cent of OPEC's estimated 1980 revenue of \$115bn (£48.3bn).

Their response to the proposed loan scheme was described as "encouraging" by Shakhour Shaalan, the director of the IMF's Middle East Department, who presented details of the scheme in Abu Dhabi after the talks.

The loans would be denominated in SDRs and would raise the equivalent of \$3.9bn in each of the next three years. They would be priced at the going rate in the international capital

markets. This accords with the recommendation of the IMF Interim Committee last April—which was endorsed by the industrialised countries at the Venice Summit in June—for more direct borrowing by the IMF.

It was also suggested at that time that such borrowing would most appropriately draw upon the resources of the major OPEC surplus states. IMF mediation in this way, it is hoped, could channel petrodollars from the richest to the poorest while divorcing the implied credit risk from the external asset portfolios of the OPEC treasuries.

Their prime concern must be the security of the recycled funds," said a leading Arab banker in the City yesterday.

This is likely to be the prevailing Arab sentiment at the forthcoming IMF conference in October, when the different approaches to recycling will be discussed at length.

The optimistic tone of the IMF's latest comments suggests that its relations with Saudi and Gulf officials have improved after the recent fracas over the question of PLO status at the October conference.

But there has been no word of any change of heart by the IMF board, which at the end of July voted in effect to postpone consideration of the PLO's request for observer status.

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## Cairo call for return to 'quiet diplomacy'

By David Lennan in Tel Aviv

ISRAELI APPEARS to have accepted an Egyptian call for a return to quiet diplomacy and is keeping silent about the latest communication between the Egyptian and Israeli leaders concerning the Palestinian question which was delivered verbally by Mr. Eliahu Ben-Elissar, the Israeli ambassador to Cairo, when he reported to Mr. Menachem Begin, the Prime Minister, in Jerusalem yesterday.

The ambassador met Egyptian President Anwar Sadat in Alexandria for nearly two hours this week. The only indications of what was said were that the President had advocated a return to quiet diplomacy. There is also an unconfirmed report that the Egyptian leader is considering another meeting with Mr. Begin in an attempt to resolve their differences.

This latest contact comes on the eve of a new American mediation effort which will begin in Jerusalem on Monday when special U.S. envoy, Mr. Sol Linowitz, arrives to seek a way to revive the Palestinian autonomy negotiations suspended in May by President Sadat after a year of fruitless negotiations.

Israeli officials were unusually tight-lipped after Mr. Ben-Elissar's meeting with Mr. Begin. The ambassador refused to answer questions, and no official confirmation could be found for a report that a special Egyptian envoy had also flown to Tel Aviv with another personal message for Mr. Begin from President Sadat.

The Americans are not very optimistic about prospects for renewing talks, despite a week of quiet preparatory mediation between Cairo and Jerusalem by U.S. officials.

Their fears that little progress can be expected were accentuated by Mr. Begin's declaration on Thursday night to a meeting of American Jews in Jerusalem that "the key to renewal of the talks lies with the other side."

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## THE NATIONAL PEOPLE'S CONGRESS MEETS

## Enter Mr. Zhao to run China's modernisation

BY TONY WALKER IN PEKING

THE National People's Congress, China's Parliament, opens today in Peking. It may not be an entirely happy occasion for Chairman Hua Guofeng. He described the Congress earlier this week as being of "vital importance." Indeed it is, not least for Chairman Hua, who is resigning one of his posts, the premiership, and may well be seeing his power slipping away altogether.

Chairman Hua was no doubt referring to important changes among officials and to the stream of regulations, many dealing with the economy, which will be announced over the next week or so.

But none of the changes are more significant than the naming of his successor as Premier. The deal whereby Chairman Hua, willingly or unwillingly, relinquishes the premiership given to him by Mao Tse-tung in 1976, after the death of Chou En-lai, was worked out months ago by the party elders. It only remains for the Congress to rubber-stamp the decision.

Some time in the next week or so, the Congress's 3,897 deputies will rise from their seats to acclaim Mr. Zhao Ziyang, the former party boss from Sichuan province, as the new head of state.

Mr. Zhao follows in the tradition of Chou En-lai, an accomplished politician and hardworking. His succession will end what could be termed a

"Huaist interregnum" in the sense that Chairman Hua's dual responsibilities as Premier and party Chairman since 1976 have meant that he has been more a ceremonial than a functional Head of State.

After the Congress, the world can expect to see and hear a lot of Mr. Zhao. He will meet the visiting dignitaries and, presumably, he will make the State visits. He is likely to be the most visible of the Chinese leaders. Judging by past performance, that is a position he will relish.

Mr. Zhao built his reputation as a progressive administrator in Sichuan, China's most populous province, where he carried out a string of industrial and agricultural reforms. He is an innovator with a record for getting things done. Under Mr. Zhao China will not change course, although it may move into higher gear. At first, the new Premier will be restrained by the policy of consolidation but, within boundaries defined by shortage of foreign exchange and China's ability to deal with projects now in progress, Mr. Zhao can be expected to be a lively force.

One innovation he encouraged in Sichuan was the development of the free market, particularly in agricultural produce. There is no reason why he should not actively promote the growth of free markets throughout the country, and



An earlier Congress votes: the unanimity is likely to continue.

indeed can be expected to do so. Mr. Zhao has one other attribute which should ensure the continuity of present policies. He is a protégé of Mr. Deng Xiaoping, the senior Vice-Premier and the moving force behind China's modernisation drive. Mr. Deng heads the dominant moderate faction in the Chinese leadership.

The Congress will, in the next few days, endorse a new group of Vice-Premiers. Missing from the line-up will be Mr. Deng himself, who has been head of state in all but name

over the past few years. The 76-year-old senior Vice-Premier, perhaps as an example to other aged officials, announced some months ago he would relinquish state office at this Congress, although he will remain a vice-chairman of the Communist Party.

In a sense, the Congress will mark a watershed between the rule of officials from the generation which took part in Mao Tse-tung's insurgency, rehabilitated after the Cultural Revolution, and the younger leaders, many of whom have also been rehabilitated. It

would be stretching a point to describe it as a complete changing of the guard, but its significance is that under the guiding hand of the very pragmatic Mr. Deng, the new appointments should ensure an orderly transfer of power when older officials like Mr. Deng himself depart the scene completely.

Party veterans resigning their Vice-Premierships in the next week or so will maintain the fiction that it is the Congress which has the power. If not the right, to decide whether they should be allowed to step aside.

Mr. Deng has consistently told visitors that he will give up his Vice-Premiership if the Congress agrees. In Mr. Hua's case, Mr. Li Xianjun told Mr. Harrison Salisbury of the New York Times last month that: "He (Hua) is applying to be relieved of his Premiership."

Some would say Mr. Hua had little choice, that party elders served him an ultimatum that he would have to give up one of his jobs. The precedent of Mao having given up senior State office in the late 1950s—he



## UK NEWS

## Britain close to 'apple war' with France, says NFU

BY RICHARD MOONEY

A SERIOUS battle is looming between British and French apple growers, a British farmers' leader forecast yesterday.

Mr. Dan Neuteboom, chairman of the National Farmers' Union's apple and pear committee, said the apple war would "make the recent lamb war look like a minor skirmish" by comparison.

At talks with French growers' representatives, the British had been led to believe that some restraint would be exercised this year on shipments to Britain, Mr. Neuteboom said. But a statement this week by a French growers' leader confirmed that French apple growers planned to flood the British market again this year.

"I have to tell you therefore that negotiations between us and the French have broken down," he told a Press conference in London yesterday.

He was commenting on a statement by M. Charles Calleja, a representative of the French growers, threatening an 8 per cent increase in French shipments to a record 250,000 tonnes.

"It has been clear that the French have been attempting to export their surplus production to the UK at almost any price," Mr. Neuteboom said. He blamed the French surplus on "profligate" orchard planting in the 1960s and early 1970s. Government subsidies had aided planting in many French orchards, he claimed.

In the last two seasons, the English apple market had been upset by irresponsible marketing by the French but the British had not sought to keep French apples out, the NFU man said.

**'Unreasonable'**

Such a ban would be against EEC rules and low UK production left "plenty of room for a reasonable volume of exports from other countries."

However, the French were not prepared to be reasonable. "It is abundantly clear from M. Calleja's recent statement that the French apple growers have every intention of attempting to flood our market once again this year," Mr. Neuteboom said. "They have been unwilling to make any concessions whatsoever."

M. Calleja said this week that French exporters would ship as many apples as the UK housewife was prepared to buy. "If there is demand for 250,000 tonnes we will ship 250,000 tonnes," he said. M. Calleja had said British growers were losing out to their own market because they were not producing the type of fruit the public wanted.

An earlier statement by M. Calleja that British growers' demands for protection against French imports would result in apples costing £1 a lb was dismissed by the NFU last week as "scaremongering."

Mr. Neuteboom said yesterday he was sure the British would win the battle in the long run. "I am confident the British housewife will favour quality. We will know the good value we have to offer and will buy British. We do not intend to give up an inch of our market to the French invaders," he declared.

## Natwest bid for short-term savings

By Alan Friedman

THE BATTLE for UK savings intensifies today as the National Westminster Bank launches two new short-term investment accounts. Depositors who wish to leave between £2,500 and £50,000 on account at either three months' or six months' notice of withdrawal can now take advantage of rates above those of seven-day deposit accounts.

Interest rates on the accounts will vary as market conditions change. They start today at 15 per cent for money on six months' notice and 14 per cent for three-month accounts.

Rates are expected to be related broadly to the bank's seven-day deposit and base lending rates. The changes will take effect immediately on all existing investment accounts.

The new accounts will be located at a central unit to Birmingham. Most of the money is expected to come in through the post. But customers or non-customers can use a local Natwest branch which will act as an agent.

The Natwest announcement follows similar moves by the other clearers. On Thursday, Barclays Bank gave details of two new accounts which begin operating on September 1.

The Barclays "bonus savings account" is for personal customers who can put aside £10 or more regularly each month. A rate of 15 per cent, one per cent above the Barclays base rate, will be paid on this account.

The Barclays "investment account" is for personal and business customers with sums of between £5,000 and £50,000 to deposit.

David Churchill, Consumer Affairs Correspondent, on the cost of spectacles

## Curbs on opticians to be eased

A RELAXATION of the rules governing advertising by opticians is being planned to enable more price competition in the supply of spectacles.

Concern has been growing that the six out of every 10 adults who wear spectacles are being forced to pay too much for them and are being unfairly restricted to comparing prices between opticians.

Dr. Gerard Vaughan, Minister for Health, admitted yesterday that the "price of glasses in the UK is too high and the quality of frames is too low." He told a delegation from the House of Lords that "the Government is looking into it urgently with a view to securing changes."

The Office of Fair Trading has just carried out an informal review of the industry — the third major Government probe in the past five years. The two previous investigations, both by the Price Commission, drew attention to the lack of competition between opticians and the fact that their selling price of private frames was sometimes two or three times the cost price.

The OPT review is also understood to conclude that restrictions on the supply of spectacles in the UK have hampered price competition. But it points out the legal problems of easing these restrictions since they would require Parliamentary changes to the Opticians Act of 1958.

However, following the OPT's probing and Parliamentary criticisms of the ophthalmic industry, the General Optical Council — which is responsible for controlling the industry — is understood to be reviewing its rules and guidelines relating to advertising.

The Government would prefer any such changes to be made on a voluntary basis with-

out the need for new legislation. But Dr. Vaughan's statement yesterday made clear that it would press ahead with other action if no changes were forthcoming.

Such action remains unspecified, but at the very least it would include a full-scale investigation of the industry by the Monopolies and Mergers Commission.

The lack of price competition in the ophthalmic industry stems from the way spectacles are bought in the UK and the restrictions in force for the past 30 years on who should sell spectacles and how they can advertise their prices.

The first step to obtaining spectacles is a sight test carried out by one of the 5,700 or so sight-testing opticians. This is free under the National Health Service. About 80 per cent (6.7m in 1977, the last year for which figures are available) of all NHS sight tests are followed by the issuing of a prescription.

The patient then has three choices: he can obtain both lenses and frames from the

NHS; obtain both privately; or obtain NHS lenses and private frames.

In practice, about three-quarters of patients opt for NHS lenses, and about 60 per cent prefer to buy the frames privately.

Although patients are free to buy their spectacles from any optician once the prescription has been written out, most people buy them from the optician who issued the prescription. In fact, it is quite difficult to shop around for the "best buy" because of the

restrictions imposed on opticians.

These restrictions were brought in under the Opticians Act and are operated by the General Optical Council. It is unlawful for any person to test sight or dispense spectacles unless he is registered with the Council or is a registered medical practitioner.

This effectively prevents people from buying spectacles over the counter as is possible in both the U.S. and Canada where the structure of the industry is otherwise similar to that in the UK.

But more significantly, these restrictions also inhibit opticians from advertising their prices in a convenient way. For example, opticians may not display prices or charges in their shop windows or inside their premises where they can be seen from the outside.

Opticians are also forbidden from advertising retail prices in the Press or circulating details of prices and charges to existing customers.

The Council also discourages aspects of competition such as participation in "provider" or "mutual" club schemes. It permits payment by credit card, but opticians cannot be included in any directory of credit card services and there must be no display visible from outside the premises that credit cards are accepted.

Such a regulation does not have the same legal force as the general rules on publicity, but any optician who flouted it could be struck off the register.

The arguments for tight regulations involve the professional relationship between a doctor and his patient. It is argued by the industry that since this relationship is based on special trust, it cannot proceed on the normal commercial basis of each party seeking to

further his own interests.

The patient, it is argued, is in no position to judge his own requirements so the practitioner should subordinate his own interests to that of his client.

But critics of the industry argue otherwise. The contrary argument was most clearly put by the last Price Commission report, published last year, which pointed out that there was a distinction "between the professional service involved in eye-testing and prescribing, and

'Rules against displaying prices may bolster high-cost production methods and high retail margins.'

the commercial service involved in supplying goods to the prescription given."

The Commission suggested that the rules against displaying prices, far from protecting consumers, "may bolster high-cost production methods and high retail margins in the supply of spectacles and their component parts."

In the U.S., advertising restraints on the sale of spectacles were abolished a few years ago after the Federal Trade Commission found them unworkable, both on theoretical and commonsense grounds.

The Price Commission said that in the U.S. and West Germany — where advertising is also allowed — it had found no evidence that a professional standards had been adversely affected. Although no time limit has been publicly fixed on the General Optical Council's review of its advertising rules, the Government is understood to be looking for changes within the next six months. Otherwise, it will be forced to consider a full-scale investigation by the Monopolies Commission backed up by possible new legislation.

## Tax deposit interest rate rises to 15% on Monday

By Peter Riddell, Economics Correspondent

THE RATE of interest payable on certificates of tax deposit is to be increased on Monday from 14 to 15 per cent, the second rise in a fortnight. This reflects the general increase in money market interest rates in the period.

The certificates are an interest-paying instrument operated by the Inland Revenue. They are available to taxpayers who want to make advance provision for the payment of tax and other liabilities.

The increase in the rate to 15 per cent applies to deposits accepted under the Series five prospectus and applied in payment of specified liabilities, mainly taxes. The interest supplement is to be reduced from 2½ to 2 per cent and is, as before, payable for the first three months of a deposit.

The interest rate on deposits withdrawn for cash is being raised from 11 to 11½ per cent.

Deposits earn interest for a maximum of six years. For the first two years the interest rate is that applying on the date of deposit; for the second two years, it is the rate on the second anniversary of deposit; and for the third period of two years it is the rate on the fourth anniversary.

The new interest rates will apply from Monday to deposits made under earlier prospectuses which reach the second and fourth anniversary of deposit.

## Freightliners studies £4.5m port works

BY LYNTON McLAIN

FREIGHTLINERS, the British Rail container company which yesterday announced a £900,000 trading profit for the first half of 1980, is considering a £4.5m extension to its terminal at the private port of Felixstowe. The company made a profit of £2m in 1979. But these results were depressed by the strike by road haulage drivers in January, 1979.

If approved, the plan would involve a new terminal handling up to 200,000 containers a year. This would triple the company's existing capacity at Felixstowe and would be a quarter of Freightliners' expected total throughput of containers this year.

Freightliners also has plans to expand container capacity at Southampton and an extra terminal may be built at Bristol to link the Portbury docks with Freightliners' container base.

The policy of expansion in Freightliners' port operations at a time of deepening recession in most of its domestic activi-

ties reflects the rising importance of international maritime trade to the company's overall performance.

The 13-week steel strike earlier this year cost the company an estimated £1m in lost revenue and cut its trading profits by £100,000. The total effect of the strike and the downturn in trade, cut the forecast revenue for the first half of the year by £2m to £32m.

Domestic container handling activities were down 10 per cent compared with the same period last year. But this was more than offset by the 15 per cent rise in the volume of containers carried on deep sea maritime trade routes, which now account for 60 per cent of Freightliners' total container movements.

The rising demand for the company's maritime container operations was expected to contribute significantly to Freightliners' forecast of full year trading profits of £1.5m. Mr. Cyril Bleasdale, the managing director, said in London yesterday.

## Quicker justice proposed

BY RAYMOND HUGHES, LAW COURTS CORRESPONDENT

A CONSIDERABLE reduction in the workload of High Court judges, and a consequent speeding up of justice, would result from proposals put forward by the Lord Chancellor's Department.

The proposals envisage the transfer to county courts of many of the cases at present heard by the Queen's Bench

Division of the High Court.

This would be done by increasing monetary limits below which cases can be dealt with in the county courts. The limit for liquidated claims, such as damages for accidents, would be raised from £2,000 to £5,000. That for cases involving wills, estates or trusts would be increased from £15,000 to £50,000.

## Herbert product line to survive

BY HAZEL DUFFY, INDUSTRIAL CORRESPONDENT

TOOLING INVESTMENTS, the company which agreed this week to purchase Alfred Herbert's Edgwick machine tool business, plans to continue manufacturing the three Herbert high technology tools and to bring out a smaller version of the Advanced Lathe. The product, known as the AL10, is still under development at Edgwick.

Senior managers from Tooling Investments will visit the U.S. and Canada next week to decide whether to purchase Herbert's North American operations. The company has been given first option on all the Herbert operations overseas, which are particularly strong in South Africa and Australia.

No figure has been put on the price paid for the Edgwick business, which is the last of the Herbert machine tool factories to be sold off. Bids for Herbert Sigma, which makes measuring and inspection equipment, will be opened on Monday. The overseas operations will then be all that remains of the Herbert empire, once one of the world's great machine tool companies.

Mr. Peter Rippon, chairman of Alfred Herbert, said yesterday that "no decision has been taken yet on the winding-up of the company. We will consider the situation more closely when we have had time to look at all our asset disposals." Herbert has received more than £40m of public money since it was rescued in 1975 by the State, but there is as yet no indication of how much might be recouped from the asset sales.

Tooling Investments is a small engineering company concentrating on the sale of used machine tools and high quality reconditioned tools. It had already bought Herbert's reconditioning works at Red Lane, Coventry, and now takes on the manufacturing and factoring business at Edgwick, as well as

## SALES OF HERBERT INTERESTS 1979/80

Factory	Products	Buyer
Machine Tools		
Lutterworth (nr. Coventry) (production transferred to Nuneaton)	Drilling machines	Meymott Machine Tool
Lutterworth	Boring and milling machines	De Vlieg
Herbert Tooling, Coventry	Small tooling machines	Clarkson International
Red Lane, Coventry	Reconditioning machines	Tooling Investments
Mackdown Lane, Birmingham	Single and multi-spindle machines	White Consolidated Industries
Edgwick, Coventry	NC turning machines	Tooling Investments
	Conventional lathes	
Other		
Herbert Sigma, Letchworth	Instruments	Bids in process of being submitted
Herbert Numerical Controls, Woking	Machine tool controls	GEC

the Alfred Herbert name.

Edgwick has always been the problem plant of Herbert. The huge, old-fashioned factory will require a large amount of money and effort to turn it into an efficient and profitable outlet. Tooling Investments' chairman and joint owner, Mr. Ron Lynch, says that "overheads will be drastically reduced." The 900-strong workforce will be cut to around 300 (an exercise to be completed by Herbert before the new company takes over). Herbert's conventional machine tools made at Edgwick will probably all be dropped with the exception of lathes for the oil industry.

Mr. Lynch says that the deal is being financed solely by Tooling Investments "with the backing and understanding of our bankers, Barclays." Acquisition of Edgwick will bring the company's current £8m turnover (including Red Lane) up to £20m. He predicts that Edgwick, which has been a big loss-maker for Herbert, will be profitable within a couple of years.

The success of the venture will depend on the willingness of British industry in particular to buy a UK product. Numerically-controlled lathes from Japan are taking up to 70 per cent of the British market, improving their penetration of U.S. and Europe. Tooling Investments plans to pay more attention to customer-requested modifications. Mr. Lynch believes these to be a key factor in the success of Japanese machine tools.

Herbert introduced the first of its high technology lathes, the Husky, nearly two years ago. Another two new products were introduced in the spring, and the fourth is close to the prototype stage. Development of these machine tools was partially financed under the Government aid scheme, but the cost of bringing them into production at a time when the demand cycle for machine tools went into decline proved too much for Herbert. The National Enterprise Board refused further funding, and the break-up of Herbert was inevitable.



## Clogs: Can you get too big for them?

When we told our customers we had agreed to participate in the European Open Golf Championships in Britain this year they quite rightly said "but why?"

The answer is equally direct. We like going places and meeting people — in the most relaxing way.

For example last year we went to France, Germany, Britain, the U.S. and China. And that's not all.

Along the way we did business worth £2.2 billion. That's big by any standard.

But our customers don't think we are big. This would be a cause for concern in some of the other international giants of our industry. But we didn't panic when

we discovered it. We surveyed our customers in France, Germany, Britain and of course, in The Netherlands. We discussed it with our friends in the U.S. and China and in the rest of the Far East. They all agreed: it's our style of doing business that gets them.

You know, the sort of thing you get from your local corner shop. A bit of chat about world affairs.

Decent prices that you know you can afford... and still come back for more.

After all that research it turns out that our customers did £3.2 billion of business with us because they say we're not too big for our clogs.



DSM chemicals and plastics

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## UK NEWS

# Benn launches campaign to alter Party constitution

BY RICHARD EVANS, LOBBY EDITOR

THE FINAL STAGE of the battle for constitutional reform of the Labour Party was launched by Mr. Anthony Wedgwood Benn yesterday, a month before the Labour conference decides which direction the party will take.

In a detailed analysis of the way the party has decided its policies over the past 20 years, Mr. Wedgwood Benn states: "We are now determined to re-establish the right of the party to present its policies to the country in the manifesto."

Without mentioning names, he accuses party leaders of ignoring firm conference decisions and drafting manifesto commitments against the wishes of the party's rank and file.

The conflict over the key issues of the manifesto—the election of the leader and the mandatory re-election of MPs—will continue at the TUC conference in Brighton next week. Both the Left of the party,

represented by Mr. Wedgwood Benn, and the Right, represented by Mrs. Shirley Williams, Dr. David Owen and Mr. William Rodgers, are holding fringe meetings in Brighton on Monday evening. The Left plans to hold a further 20 rallies and meetings before the Blackpool Labour conference.

Mr. James Callaghan, the party leader, is to address the TUCV on Tuesday when he will attempt to unite the industrial and political wings against the Government on the issue of unemployment.

Mr. Benn, writing in the broadsheet of the rank and file mobilising committee (an umbrella of Left-wing organisations) argues that the Labour leader had invented a veto and his right to use it whenever he disagreed with party policy.

He warns that the Labour Party is facing an attempt to reduce the influence of the rank and file over the leadership and

policy of the party. If this campaign were to succeed, he says, "it would be a bigger democratic setback than either the attack on Clause Four or in Place of Strife."

"We would have worked for 100 years only to give birth to a centre party like the old Liberal Party from which the Labour Party struggled so hard to separate itself at the time of its own birth."

Also in the broadsheet is an outspoken attack on the "gang of three"—Mrs. Williams, Dr. Owen and Mr. Rodgers—by Frances Morrell, of the Campaign for Labour Party Democracy.

"The truth is that our parliamentary leaders cannot honourably keep both their positions and their policies: they have to choose. The party must put the interests of working people first and insist that its leaders are confronted with that choice."

# United Glass seeks to minimise local impact of job cuts

BY MAURICE SAMUELSON

REDUNDANCIES at all eight factories of United Glass are expected to be announced when the company's management meets the unions in the next few days. The company, which has already shed 700 of its 10,500 workforce, plans to spread further lay-offs as widely as possible to reduce their local impact and to safeguard production capacity until demand recovers.

Part of United Glass's plans became known yesterday when the news that a bottle making production line is to be closed at the factory at Ailona, in Scotland. It will cause 57 redundancies out of a workforce of 860.

United Glass denied that redundancies at other plants would necessarily be on a similar scale.

"In some places, they will be more severe, in others less," the company said.

On Tuesday, Redfearn National Glass said it was cutting 500 of its 2,300 workforce at its York and Barnsley factories.

Robin Reeves, Welsh Correspondent, writes: A further 400 redundancies were announced in Wales yesterday.

Tube Investments (TI) is to close its TI Heliwells subsidiary at Aberdare with the loss of 315 jobs, and transfer the factory's remaining work to its other plants at Oldbury and Washington, County Durham.

Bowden Controls, which manufactures cables for the

motor industry, also announced 40 redundancies at its Llanelli factory. And a cut of 48 jobs was unveiled at the Royal Naval Stores depot at nearby Llangennech.

TI blames the recession in the engineering and motor industry for the shutdown of its Aberdare factory, which has accounted for some 15 per cent of the group's welded tube manufacturing capacity.

Despite a reduction in the plant's labour force of 130 over the past year and a three-day week, aided by the Government's Temporary Employment Assistance scheme, since February it still made a loss of £350,000 in the first seven months of this year, and closure had become inevitable.

The factory will be run down over the remainder of this year. Some of the redundant workforce will be offered alternative jobs at other TI plants.

● A hosiery manufacturer in Gainsborough, Lincolnshire, is to close with the loss of 185 jobs. The company Lytle and Scott blames a fall in exports and the strong pound for the closure. Most of the workforce were women.

● One of Lincoln's largest employers, Ruston Bucyrus, the excavator manufacturer, is to make nearly 100 people redundant. This follows 200 redundancies at the company last year. Falling export orders are blamed for the redundancies, which are across the board.

# Clwyd unemployment may reach 18% by end of year

BY ROBIN REEVES, WELSH CORRESPONDENT

UNEMPLOYMENT in the North East Wales county of Clwyd is likely to reach 18 per cent, the highest rate in mainland Britain, by the end of the year, according to local authority estimates of the effect of recent job loss announcements.

Clwyd has had the worst unemployment figures in Wales for many years, but this year the county has joined Merseyside and Strathclyde at the top of Britain's unemployment league table. The percentage of jobless is currently 14.1 per cent with 18,472 on the unemployment register.

Apart from the 7,300 jobs lost at the British Steel Corporation's Shotton steelworks, a further 2,600 manufacturing jobs have disappeared in other industries during the past three months. Recent major closures include Firestone and Jager of Wrexham, previously considered to be among the newer industries, which were expected to provide the county's future prosperity.

Clwyd will also be affected by the planned Bowaters shut-down at Ellesmere Port, across

the border in Cheshire. The knock-on effects on smaller companies and the services sector or so many closures in such a short-time means that the county is now expecting an unemployment rate of 18 per cent by the end of the year.

Other gloomy indicators include a slowdown in the local labour market. The number of notified vacancies in the county has declined from about 7,000 in the second quarter of last year to 5,000 this year. At present there are only 900 unfilled vacancies in Clwyd compared with 1,500 a year ago, and school-leavers alone are adding a further 3,000 young people to the labour market.

Local authority officials admit that according to Government figures about 3,000 new jobs are in the pipeline for the county, but they stress that many of these will not materialise for some time. Currently there is a sharp downturn in the number of enquiries from industry, an increase in investment deferrals and a slowdown in decision-making by potential investors.

# Ford unions 'will not follow Talbot'

By Our Labour Staff

UNION NEGOTIATORS for Ford Motors' manual workforce warned the company yesterday that the relatively low level of pay offers and settlements in the rest of the car industry would not be treated as relevant to their own negotiations.

The joint trade union side representing the company's 59,000 manual workers yesterday fixed a claim for substantial rises, with a priority, as last year, to reduce working hours.

The money claim, including a demand for consolidation of attendance bonus payments and agreement on a threshold arrangement, does not involve any specific figure.

Mr. Ron Todd, the unions' national organiser, said the union was not prepared to allow erosion of members' standard of living.

Shop stewards, disregarding the recent 4 per cent drop in the Retail Price Index, still think the underlying rate of inflation is about 20 per cent.

Talbot secured a 15 per cent deal over 18 months and Vauxhall has offered 8 per cent. Mr. Todd said the Ford claim was related to the company's trading performance, not to the car industry's position as a whole.

Last year's negotiations on working hours proved abortive. The company did not move from its position that reductions must not lower production capability.

Mr. Todd said the unions were still prepared to negotiate reduced hours in relation to Ford's production needs. The unions this year appeared to believe that the company might be more willing to discuss reduction in hours because of increased flexibility resulting from new production methods.

Ford will respond to the claim—which also includes improvements in line allowances, pensions, sickness benefit and job security arrangements—in what, it will argue, is a worsening trading position.

Short-time working has been introduced in several components plants as well as in tractor and truck manufacturing.

# Grattan prepares for short-time

UNIONS at Grattan Warehouses, the Bradford-based mail order company, have agreed to possible short-time working as an alternative to redundancies.

Proposals for a four-day week affecting most of the company's 4,500 employees, will be implemented if the recession hits trade any harder.

# Thames barrier is threatened

BY NICK GARNETT, LABOUR STAFF

SELECTED PRESTIGIOUS construction projects, such as Sullom Voe North Sea oil terminal and the Thames flood barrier, are threatened with closure in protest at construction industry unemployment.

The Transport and General Workers Union's national secretary for the construction industry said yesterday that he would be prepared to take a lead in the shutdown.

Mr. George Henderson said the feeling of "revolt and rebellion" among construction workers had reached a pitch not seen since the national construction strike eight years ago.

The union's national construction committees will meet to discuss the issue shortly. However, Mr. Henderson said, a special committee meeting might be called because of the apparent recent and rapid deterioration in construction industry employment.

This was reflected in an upsurge of members' calls to the union in the past few days. These expressed anger at both the Government and the inability of the union leadership to resist the Government's policies.

"There's about to be an explosion in this country and it's likely to be led by construction workers," Mr. Henderson said.

The industry was being "murdered." "The construction industry has been further cut back by Tory policies. The TGWU condemns this callous disregard of people's needs. It is obvious from their actions that they do not care what damage they are doing to the nation's construction industry, which is vital to the economy."

Calls for imposition of an overtime ban on all construction projects in the capital would shortly probably be on the agenda of a meeting of the London regional trade group, Mr. Henderson said.

The aim would not be to harm the employers but to make a dramatic impact on the Government's thinking.

The union expects regional demonstrations over construction unemployment, some to coincide with the Conservative Party's annual conference. Its national officials are recommending regions to set up co-ordination committees and to examine the idea of using a national co-ordination committee.

The TGWU believes the real figure of construction unemployment is closer to 400,000 than the official 200,000 figure. It is seeking meetings at the TUC to discuss the issue with other construction unions.

# Shell refinery claim higher than RPI

BY NICK GARNETT

SHOP STEWARDS representing Shell's refinery and chemical workers fixed a claim yesterday for pay rises and other improvements which in overall terms exceed the Retail Price Index.

The stewards, members of the Transport and General Workers' Union, also agreed to meet the key refinery shop stewards if Shell makes pay proposals similar to the 10 per cent offer made by BP at Grangemouth, Scotland.

The meeting has been provisionally set for the second week of October at Transport House in London. Shell, which is due to reply to the claim at the end of September, agreed in principle during the last round of

negotiations to a reduction in working hours for its refinery personnel.

The Shell shop stewards made clear yesterday they accepted the company's view that such a reduction would have a cost effect. This they are apparently prepared to take into account within the overall size of the claim and the settlement.

BP is expected to resume negotiations with its process workers at Grangemouth within the next few weeks.

Mr. John Miller, the union's national secretary for oil and chemicals, is seeking a meeting with BP at Grangemouth immediately after Shell's reply on pay unless BP alters its position before then.

# NALGO refers claim to arbiter

BY JOHN LLOYD, LABOUR CORRESPONDENT

REPRESENTATIVES of 500,000 local government workers voted yesterday to refer their union's 20 per cent wage claim to arbitration.

The request will be made by officials of the National and Local Government Association at the next meeting of the local authorities' national joint council, on September 10.

NALGO has described the local authorities' offer of 13 per cent as "completely unacceptable."

Under the rules governing the national joint council, either

side may refer wage negotiations to arbitration and judgment is binding.

Arbitration will probably be by the Advisory, Conciliation and Arbitration Service, though a specially-constituted body is not excluded.

The management side of the national joint council said yesterday that 13 per cent, which will add £354m to the authorities' pay bill, was "absolutely the final offer."

Any increase above that would have to be paid for with redundancies and cuts in services, it said.

The management side has said that even the 13 per cent offer could result in cuts in staff and services for many authorities whose financial position is strained. The union claims, however, that 20 per cent is needed to maintain the real value of present salaries.

The motion to refer the issue to arbitration was overwhelmingly accepted by the union's delegates yesterday, though some said there was no certainty arbitration would be impartial or that it would be accepted by the management side.

# APPOINTMENTS

## Sir Cyril Pitts is Peter Brotherhood chairman

Sir Cyril Pitts has been appointed chairman of PETER BROTHERHOOD. He is chairman of the Process Plant EDC and president of the British and South Asian Trade Association. Mr. W. Gardner retired as chairman of Peter Brotherhood at the end of March.

Mr. M. J. Stokess has been appointed a director of IMPERIAL FOODS following the company's decision to reorganise its UK poultry interests. Formerly deputy chairman of Ross Buxted Nitrovit, Mr. Stokess has been appointed chairman of Ross Nitrovit, which will manage Imperial Foods' interest in the production and distribution of eggs, the manufacture of poultry and animal feeds and the breeding and sale of egg-laying, broiler and turkey stock.

ELECO HOLDINGS has appointed Mr. P. C. Smith to the board.

Mr. D. J. White has been appointed managing director of PEGSON, a subsidiary of Sears Engineering.

Mr. Eric Pitts has been appointed marketing director of WEIR POLYPAC, Harlepool. The company is a subsidiary of the Glasgow-based Weir Group.

Admiral Sir Raymond Lygo, formerly deputy chairman of the dynamics group of British Aerospace, has been appointed to the board of BRITISH AERO-

SPACE from September 1 for three years. Sir Raymond will succeed Mr. G. R. Jefferson as chairman and chief executive of the dynamics group of British Aerospace. Mr. Jefferson is chairman designate of British Telecommunications.

Mr. John Jump will become managing director of BP COAL from September 8 on the retirement of Mr. Douglas MacCallan. Mr. Jump, who was previously managing director of Svenska BP, will be responsible for the BP Group's world-wide coal interests.

NATIONAL BANK OF ABU DHABI has made the following head office senior appointments and promotions: Mr. Richards V. Adams, general manager, treasury division; Mr. Wadie A. Youssef, general manager, inspection and administration division; Mr. R. Clive Smith, general manager, merchant banking division; Mr. Dan E. Lowery, general manager, international banking division; and Mr. Khalid al Mirakhi, deputy general manager, domestic division.

Mr. George Home has been appointed a non-executive director of the WAGON FINANCE CORPORATION. He retired at the end of April as deputy managing director of the Royal Bank of Scotland and the Royal Bank of Scotland Group and a director of Williams and Glyn's Bank. Mr. Home is Professor of International Banking in the

new Post-Graduate Chair at the Heriot-Watt University in Edinburgh.

Mr. John Howes, RCA's divisional director of commercial marketing and Mr. Ed Lavish, divisional director of finance, have been appointed deputy managing directors of RCA RECORDS (UK Division).

Following the recent decision by Sir Alfred McAlpine and Son and Orbit Developments (Manchester) (part of the Emerson Holdings Group) to restructure their associate concern, Mottram Homes, under the name of MARCHWELL DEVELOPMENTS, Mr. R. J. McAlpine has been appointed chairman and Mr. P. E. Jones, managing director, with Mr. O. P. Edge, Mr. P. Green, Mr. O. J. Rich and Mr. J. Smith, directors.

Mr. John H. Sheather, an assistant general manager (UK) of GENERAL ACCIDENT FIRE AND LIFE ASSURANCE CORPORATION, has been appointed deputy general manager (UK) from September 1. He also becomes general manager of the Scottish General Insurance Company, a subsidiary. Mr. Charles B. Heath, General Accident's general manager (UK) and a director, has retired.

Mr. Raymond J. Bruce, has been appointed financial director and company secretary at AND W. HENDERSON.

# Labour wants debate on health report

BY RAYMOND SNODDY

MR. STANLEY ORME, Labour Social Services spokesman, yesterday said the Opposition would seek a full parliamentary debate on a report which calls for improvements in the health of British workers.

A research group under the chairmanship of Sir Douglas Black, president of the Royal College of Physicians, found that there had been no improvement, and in some cases a deterioration, in the health of manual workers during the 1960s and early 1970s.

The report—Inequalities in Health—was produced by a group set up by the Labour Government in 1977.

Mr. Patrick Jenkin, Secretary of State for Social Services, dismissed the group's recommendations. He said they would cost £25m a year and were unrealistic.

Mr. Orme said yesterday it was "outrageous for Mr. Jenkin to condemn the recommendations on drink line and sinker." He called on the Minister to investigate how many of the proposals could be implemented.

In particular, the Government should carry out the group's recommendation of better maternity care, increased child benefit and a greater emphasis on preventive medicine, Mr. Orme said. He accused the Government of dragging its feet on ending cigarette advertising.

Mr. Orme added that a "professional not political" research group had confirmed what had already been suspected. That there was an imbalance in health care in Britain and that lower paid workers suffered most.

Apart from increased child benefits and maternity grants, the research group recommended free school meals and milk, better health education and encouragement to adopt better diets.

The report also called for a special health programme in the ten areas with the highest death rates in Britain: Salford, Tameside, Gateshead, Liverpool, South Tyneside, Tower Hamlets, Durham, Bolton, Wirral and North Tyneside.

# Wire fencing prices drop

BY MAURICE SAMUELSON

THE Sheffield-based TWIL Group, which supplies much of the steel wire fencing used in Britain's farms, is to cut its prices by between 10 and 15 per cent from Monday.

The price cuts affect cattle fencing and barbed wire products, and are a reaction to import penetration, which the company blames on the strength of sterling.

Mr. Derek Newbould, marketing director, said yesterday that by cutting prices TWIL expected to protect its market position and the jobs of its employees.

TWIL is a private group with more than 5,000 employees and a turnover of more than £115m. It claims to be the UK's largest producer of mild steel wire and related products.

# Grand Prix results

MOTORCYCLE RACING fans will be able to keep up with the leaders in the Manx Grand Prix by dialling 01-348 8020.

From September 1 to 8, callers will be able to hear previews and performance details, as well as results and comments on the racing over the world-famous course. The service by British Telecom will be available at many other centres in the country.

# Raymond Snoddy reports on the ups and downs of the fairground business

## Travelling showmen ride out the recession

ALMOST without remark, another section of the British vehicle industry has succumbed to foreign competition. The superior styling of the French and Italian, the lower cost of the Spanish and the quality of the Americans and the Japanese finally killed off the British dog car.

Supercar of Warwick, the last manufacturer of British dogcars, made their final car 18 months ago after nearly 60 years in the business. The demise was caused, according to Mr. Murett Webb, Supercar's managing director, by high costs, the loss of the European market when the EEC was formed, and the loss of the Australian market when Britain joined the Community. And then the Japanese took over the Far East markets.

"It is rather sad," he said. "Now we make our living by importing Italian cars, in maintenance and renewal, and in making the smaller children's rides."

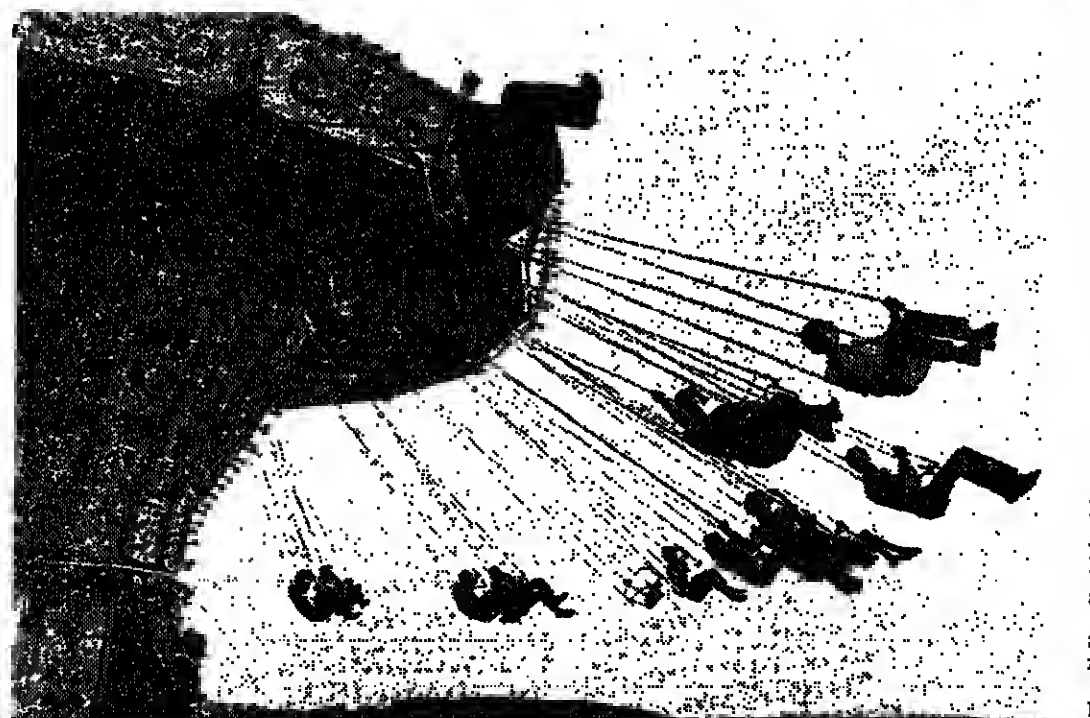
Despite the recession, large sums are being invested in new fairground and pleasure park equipment, and the public are still rolling up to the fair.

According to Mr. Michael Mellor, editor of The World's Fair, the trade newspaper, fairground proprietors and travelling showmen are setting the rest of British industry an example by investing heavily in the future.

However, the big rides, like dog cars, are being imported.

"It is absolutely impossible to buy a world class ride produced in this country," said Mr. Alan Brown, general manager of Alton Towers amusement park in North Staffordshire. "I think the British manufacturers never got away from the small amusement fairs."

So when Alton Towers—a theme park along Disneyland lines—spent £2m for this season, it was on such equipment as the Dutch corkscrew, a form of roller coaster. Next year, the park will spend £2m



All the fun of the Derby Fair, Epsom.

Trevor Humphries

on the Log Flume—a German roller coaster on water.

Alton Towers has introduced a flat entrance fee this year. Attendances have jumped fourfold.

The entrance fee is £2.50 (£2 for parties and pensioners) and then all the rides are free. Mr. Brown estimates that it would cost between £18-£20 to try each ride.

He believes that, if amusement parks are to stay in business, they must concentrate on world class family rides and charge a flat fee.

Blackpool Pleasure Park the largest in the country, also looks abroad for its rides. This year, the park spent £5m on new rides from the U.S., Italy and Germany.

Mr. Geoffrey Thompson, managing director, expects takings to increase by nearly 30 per cent.

British manufacturers, such as Cadaxton of Neath, who make the Ski Jump and Round-up, are also busy. They say they cannot keep up with demand.

For the smaller fairgrounds by the seaside and arcades, the weather has combined with the economic climate to make it a poor year.

However, Mr. Alan Willis, general secretary of the National Amusement Council, says that he knows of no one actually forced out of business. The owners of helter-skelters, kiddie rides and "one-arm handits" will all be there next year, hoping for a better season.

The travelling showmen are also facing problems. People are still attracted to the noise, lights and atmosphere of the traditional fair. But they seem to be spending less.

Mr. Colin Noble, president of

the Showmen's Guild, who operates a Twist (a roundabout which spins several different planes) reports that takings at last week's fair at Ealing Common, West London, were significantly down—despite perfect Bank Holiday weather.

One reason is that increasing costs, passed on in the form of higher fares and shorter rides, are beginning to take their toll.

Jonathan Duffy, aged 10, one of the customers at Ealing fair, says he couldn't afford to go on the dogcars at 50p a car and was reduced to spending his money in the amusement arcade.

One family spent £10 on rides for three children in less than two hours.

"Attendances are significantly down on previous years and, therefore, there is some concern in the industry," said Mr. Tony Woolrych, general secretary of

the Showmen's Guild, and a retired Royal Artillery Colonel.

One of the most pressing problems for the 20,000 or so travelling showmen is the erosion of traditional sites and the difficulties in obtaining winter quarters.

Mr. Woolrych is preparing a paper on the problem, to be considered by Mr. Marcus Fox, a Junior Minister at the Environment Department.

King John gave permission for the holding of a fair at Rotherham and, apart from one year during the War of the Roses, there has been a fair there since 1207—until 1980.

Now there is a police station on the site. The showmen found out about the plan too late to appeal effectively.

"The people of Rotherham have lost their fair because of the action of the local authority," Mr. Woolrych said.

Local authorities have been also charging higher rents for fair sites.

The rent for Newcastle's Hoppings Fair, one of the largest in the country, was increased from £16,000 in 1978 to £25,000 this year. At Longton, near Birmingham, it increased from £650 in 1978 to £1,300 last year.

Some councils are also imposing maximum charges. Hull has decided that the maximum fare for adults should be 30p and for children 15p.

Mr. Woolrych says the double squeeze is coming when running costs, particularly for diesel, are rising sharply. A fair uses as much power as a small town—a large ride would have at least 1,000 lightbulbs—and heavy equipment has to be moved all over the country.

But showmen are still spending sums of up to £80,000 for a new set of dogcars or £55,000 for a twist—and heaving out showmen facing hard times.

Above all, they are confident that recessions may come and go, but the British people will continue to pay whatever it costs to win a goldfish or a coconut or have their stomachs turned inside out by the latest horrendous ride.



## THE WEEK IN THE MARKETS

## Equities backing away from the 500 level

A week ago, the F.T. 30-Share Index stood at the threshold of the 500 level after an impressive rally; last night it was nearly 20 points lower. Equities have been unable to ignore the downward drift in gilt-edged, where persistent marking down of prices has broken some investors' nerves. And there has been a fair volume of selling of gilts, taking the Government Securities Index below the point it reached immediately after the dreadful July banking figures.

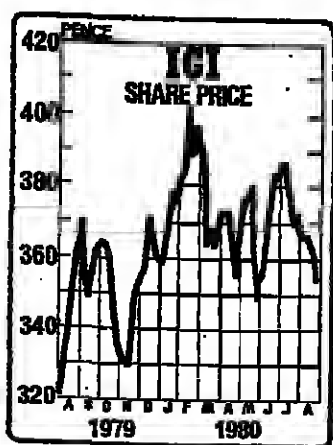
On Thursday the fall in equities became steeper after the publication of unexpectedly poor figures from ICI. Not only were second quarter profits well below pessimistic estimates, but the company failed to raise its dividend—for the first time in nearly ten years—and said that trading was getting more difficult. All in all, a week for the markets to forget.

## Battered ICI

ICI's chemical business took a savage battering from April onward, and if it were not for the growing income from oil the market would have had to start worrying about the dividend—which has not been cut in living memory.

Pre-tax profits were 55¢ per cent lower in the second quarter at £72m. Although this included an exceptionally large loss of £17m on exchange items, nevertheless, once the contribution from Ninian's oil is stripped out profits were no more than a third of the level a year ago—a mere £43m.

The reason for the collapse was the bloodbath in petrochemicals, plastics and organics, while the syntheses on shares, which was already in loss, has intensified. The worst hit areas were the UK and Continental Western Europe, where non-oil sales volumes were down 14 per cent and 7½ per cent respectively in the second quarter



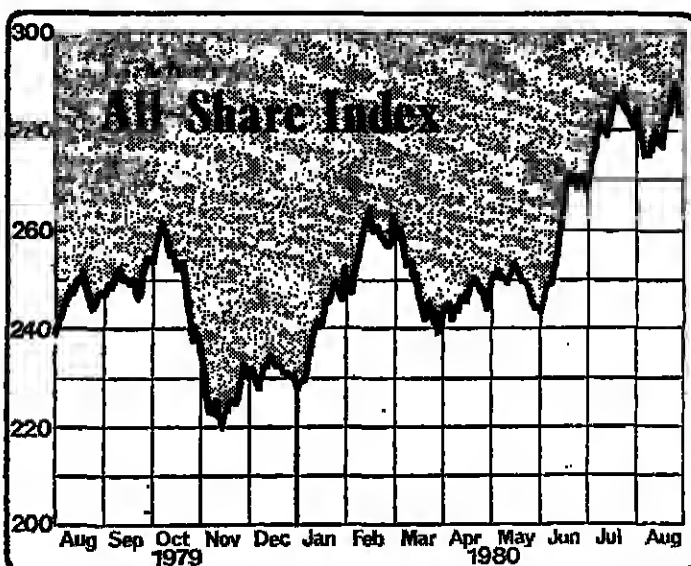
Blue Circle will be well placed to increase bank borrowings or tap a revived corporate bond market.

The bulk of the money will be spent in the UK where the company is labouring under a consistent rise in energy costs—these represent about 50 per cent of all costs on delivered cement at present. By converting at least some of the kilns at its North-East works to a drier process, Blue Circle could reduce production costs by as much as 20 per cent. Creation of capacity based on limestone, a "dry" raw material, would be more efficient still.

## Asda's advance

A rise of over a fifth in pre-tax profits from Associated Dairies endorses the group's reputation to continue delivering the goods despite the doom and gloom which engulfs the High Street. Though there were signs in the closing months of the year to April that profits growth was lagging behind sales Asda closed its books on a near £5m jump at the pre-tax level to £50m. Moreover despite the launch of its price-cutting campaign at the end of January, which trimmed a halfpenny off gross margins at a cost to profits of £5m, Asda has actually held its net margin at 5 per cent.

No breakdown was offered in Wednesday's preliminary announcement but it looks as if the "old" Asda operation—stores, meat and dairy—produced profits of around £40m against £31.3m while more recent additions to the group, Wades and Allied Retailers, chipped in £9m against £8m. Within that Wades and Williams Furniture (part of Allied) probably produced much lower



## LONDON

## ONLOOKER

compared with the same period in 1979.

Falling volume and price competition has been experienced by all the international chemical majors, but ICI's profits have tumbled much further than those of the others. This reflects the particular problems brought on by the strength of the pound and high cost inflation.

Here there looks to be little relief, especially as the 16 per cent wage deal in June will put an additional £25m on costs in the third quarter. Meanwhile, although destocking appears to have eased in the more resilient sectors, like fertilisers, pharmaceuticals and paints—elsewhere the decline in demand seems to have intensified.

Whereas many stockbrokers' analysts had earlier in the year been going for a profits out-turn of about £500m pre-tax, now the general consensus is that pre-tax profits for 1980 may not exceed £400m, of which a good £100m will be from oil.

## IMI turns abroad

With its home markets under pressure, IMI is pushing aggressively for exports. The policy appears to be working. Home sales climbed just 7 per cent in the first half but export sales values, expressed in sterling terms, pushed forward by 30 per cent. But the real story of the first half was a complete change in trading fortunes at about the turn of the opening quarter. The picture is familiar enough by now and IMI was by no means immune to the general decline throughout British industry from about April onwards.

The group has some struggling businesses—ships and fasteners, sporting ammunition and copper alloy tube—but most parts were buoyant during the

after rationalisation and reinvestment, IMI is poised to react quickly once trading conditions improve.

## Cemented rights

This week's £47m rights issue from Blue Circle Industries could be interpreted as a stroke of opportunism. The last balance sheet showed a historically low level of gearing, with shareholders' funds of £636m supporting debt of barely £100m, and the company has no immediate need for the cash. Furthermore, with a mild winter and a 24 per cent cement price increase behind it, the company has an unusually strong wind in its sails. Interim profits were up by around two-thirds to £34.2m and, before the announcement, the shares were coasting close to their 1980 high at 370p.

The second half should also be good, with the overseas operations compensating for a fall of perhaps 10 per cent in UK cement deliveries, and the full year could produce profits of at least £70m.

So the cash call looks a shrewdly timed move to give the company flexibility in financing its capital spending plans, which could cost at least £250m over the next five years or so. When the need arises,

profits, the overall contribution being boosted by the Allied Carpets business.

to its mainline super-stores food volume has remained strong. Its non-food sales are evidently holding up as well but Asda cannot escape the harsh realities of the downswing in consumer spending for ever and its recent moves on "white goods" acknowledge the pressure.

Demand for expensive durables such as freezers and fridges have been hard hit and Asda dropped these lines from its stores at the end of June. A catalogue system will soon be introduced with prices that could cause its competitors further headaches.

Asda shares bounced up from around 180p to 225p in the few weeks ahead of the figures so it was no surprise that they came off the boil after the results. Undoubtedly growth in the current year will be modest by Asda standards—profits could be around £55m. But after all, even a 10 per cent increase will be good against the competition, while 1981 could see the return of that old Asda sparkle.

## Ladbroke ex-casinos

Having spent most of its casino revenues on beefing up

the other parts of its business, Ladbroke Group has emerged without too many scars from its recent gaming club embarrassments. First half profits were down, but the decline was less steep than expected, and the company says it is hoping for a reasonable second half.

With the closure of three of its profitable London clubs late last year, Ladbroke saw its casino profits slide from well over £5m in the initial six months of 1979 to just under £2.5m in the same period of this year. But non-casino earnings steamed ahead by over 60 per cent to leave interim profits at £14.07m before tax against £16.69m.

Ladbroke also put up its interim dividend, and the shares retained their buoyancy of the past few months, adding several pence to stand just below 200p before profit-taking trimmed back the price.

For the full year, Ladbroke could make profits of something like £32m, not taking casinos into account. In 1979, about half of its £49m profit total came from gaming, but the thrust is now coming from hotels, holidays, betting and property. Hi-fi activities are also doing well.

Ladbroke's involvement in the lucrative London casino business ended in May of this year, when the group decided to close down the Park Tower casino and drop any idea of appealing against the closure of the other three. At present, it is negotiating for the sale of its 11 provincial casinos, with Glasgow-based Reo Stakis prepared to buy five for over £4.4m in cash.

The group could earn some £4.5m on property this year against £3m last year, with betting likely to chip in at least £1.4m for a rise of about a quarter. Hotels should contribute up to £10m against £7m.

All in all, Ladbroke's enforced retirement from the gaming scene does not seem to have dented its performance too much.

## Although it looked like a snub for President Carter...

## NEW YORK

DAVID LASCELLES

the tax aspects "piddling"), the truth lies elsewhere.

The fact is that Wall Street paid virtually no attention to the announcement at all. Most of it had been leaked in advance. There were no surprises, good or bad. And even if some of the tax breaks might help industry by speeding depreciation, the package has a couple of big hurdles to run before it becomes reality. Mr. Carter must get re-elected, and then he must get his measures through Congress, an arduous process that could take until next spring.

If anything, Wall Street focused on the negative side of the package: the increased Federal deficit. If all the measures go through, Government revenues would be sharply reduced, but spending would remain roughly the same, a recipe for more inflation, economists argue. (Fears like this helped depress the bond market.)

But the package is very long-term, and the stock market is hardly looking beyond the end of its nose just now. Indeed, if it could even see as far as the middle of next week, it might feel a lot less edgy.

The main things that bothered Wall Street were developments like the new upward trend in the prime rate. After last week's 1 per cent rise to 11½ per cent, most banks went up a notch further this week to 12½ per cent. And the worrying thing is that given the way short-term money costs are still

soaring, the prime could go up yet again next week.

There was some consolation in yesterday's news of a record jump in the leading economic indicators of 4.8 per cent, far more than Wall Street had been expecting and another sign of the incipient economic revival. This yanked the market up in a morning rally.

However, an underlying sense of gloom seems to be creeping through the market. Fewer and fewer brokers are talking about the Dow Jones Industrial Average crashing through 1,000, as they were a month ago. Now all the gossip is about retreats and consolidations, the impact of rising interest rates on profits, and the outlook for the third quarter (whose results will not come out until October).

The rising yields available in the bond markets have also drawn cash away from equities, another factor sapping the market's strength.

It is always possible, of course, that the market is a bit exhausted after its five-month surge, and the Labour Day holiday may give it a chance to charge up its batteries. Certainly, the market had an air of listlessness about it yesterday, and most people

had deserted the street by 1 pm. The sparkling stock of the week was Homestake Mining which announced on Wednesday that it had struck a big seam of gold in California. This triggered a Klondike-type stampede for its shares which sent them soaring more than \$7 on Thursday to \$80. The find could contain about a million ounces of gold, making it one of the largest in the U.S.

Another gainer was Pullman, the transport company, which is being fought over by Wheelabrator Frye and McDermott. Wheelabrator thought it had the deal in the bag. But then McDermott came back yesterday with an improved offer, only \$0.50 above Wheelabrator's \$43 but for a larger proportion of the outstanding shares. McDermott seems to be gambling that Wheelabrator lacks the stomach for a fight.

Otherwise most shares fell back amid the encircling gloom.

Monday	956.23	-1.96
Tuesday	953.41	-2.82
Wednesday	943.09	-10.32
Thursday	930.38	-12.71

## Triumph men seek inquiry

REDUNDANT WORKERS at the Triumph motor-cycle co-operative have demanded a public inquiry into the running of the company.

About 70 of the 130 workers who collected their redundancy pay at the Meriden factory yesterday called for an examination of the company's financial

affairs. They elected Mr. Bill Esrl, of Nuneaton, as their chairman. A workers' committee will meet officials of the Transport and General Workers' Union on Monday.

Mr. Esrl said: "The way they selected people for redundancy is diabolical."

# NatWest Investment Accounts

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1 To: The Manager, NatWest Investment Accounts Office, National Westminster Bank Limited, 12th Floor, 10 Newhall Street, Birmingham B3 3EN.

I/We wish to open a NatWest Investment Account with a sum of £ (Minimum £2,500. Maximum £50,000. Multiples of £100 only.) Cheques should be made payable to National Westminster Bank

2 I/We wish the interest to be (tick appropriate box):

☐ accumulated in my/our NatWest Investment Account  
☐ paid six-monthly into my bank account as under:

Bank

Branch

Address

A/C number

☐ paid six-monthly by cheque sent to the address below

Name(s) Mr/Mrs/Miss/Title

Address

Usual Signature(s)

(In the case of joint accounts all applicants must sign)

3 I/We undertake to give (tick appropriate box):

☐ 3 calendar months  
☐ 6 calendar months } written notice of withdrawal

I/We understand that all rates of interest quoted are correct at time of going to press but that they may be varied from time to time. Any variations will become effective immediately.

I/We understand that if the required period of notice is not given a charge equal to 1% of the amount withdrawn will be made for every month (or any part of a month) of the period of notice not given.

I/We understand that a minimum balance of £2,500 must be maintained at all times.

BLOCK CAPITALS

FT30/8/80

## MARKET HIGHLIGHTS OF THE WEEK

	Price	Change	1980	1980	
	y/day	on week	High	Low	
FT Ind. Ord. Index	483.9	-15.0	503.1	406.9	Poor outlook for co. profits
FT Gold Mines Index	389.7	+9.2	390.9	265.5	Renewed demand
Treasury 11½% 91 A (£50 pd)	£44½	-2½	£50½	£44½	Fears about Govt's financial policy
Blue Circle	360	-12	388	238	£47m rights offer
British Home Stores	156	-14	170	113	Brokers downgrade profits forecast
Caffyns	175	+17	205	110	Speculative demand
GEC	490	-22	512	326	Profit-taking
Goldman (H.)	21	+7	21	8½	Mr. Ian Wasserman buys 11.06%
Grattan Warehouses	56	-6	110	50	Dull Mail orders
Hongkong Tin	435	+75	435	280	Bid hopes
Hoover A	120	-20	182	120	Overseas competition
ICI	356	-6	402	348	Second-quarter profits halved
Joburg Cons.	£30	+2½	£25½	£23½	Record profits & div.
Marchwiel	85	-11	101	78	Sharply lower interim profits
Quick (H. & J.)	34½	-5½	51½	34	Lower profits/halved int. div.
RTZ	442	-38	485	327	Sharp fall in copper price
Royal Worcester	298	-32	330	162	Disappointing int. results
Rustenburg Plat.	270	+14	326	184	Platinum price rise
Stocks (Joseph)	90	-10	104	77	Chairman's cautious statement
Western Mining	289	-24	313	177	Shake-out in Australians

National Westminster Bank



## FINANCE AND THE FAMILY

## Title to a strip of land

BY OUR LEGAL STAFF

In 1966 I had installed on my side of my original boundary posts (6 inches approximately) a six-post concrete panel fence. By neighbour has now informed me that as at least 12 years have elapsed the new fence is now the correct boundary line between us, that he will be removing the original boundary posts, and would I kindly remove protruding stretcher bolt which is now a trespass on his land. Could you please tell me if he is correct in his action and request?

Your neighbour appears to have misunderstood the law relating to adverse possession. He would have to show that he has occupied the six inch strip for 12 years in such a manner as to exclude you from using it. If the original boundary fence was not removed this will not be the case. If however only the posts were left of the original fence and your neighbour used the six-inch strip, he may have acquired title to the strip.

## House available in UK

Could you please confirm that my wife, who is working full time abroad and regarded as neither resident nor ordinarily resident in the UK, will herself be regarded as resident for tax purposes whenever she sets foot in the UK during a year if accommodation is available to her. If so, please could you answer the following: (a) If they own a house but rent it out for periods of, say, three months, is that regarded as available accommodation? (b) If she is regarded as a resident am I correct in saying that she would be entitled to the full single person's allowance of £1,375?

The answer to your first and last questions is yes. The answer to your second question (a) is that what matters is whether the house is actually available for the wife's use on one day upon which she is in the UK during a tax year.

You will find general guidance in a free booklet which is obtainable from most tax advisers' offices. IR20—Residents and non-residents: liability to tax in the UK.

The booklet is obtainable by post from the Inland Revenue Public Enquiry Room, Somerset

House, Strand, London, WC2R 1LB.

## Holiday lets and rent act

Knowing that I have to return to England permanently in two to three years I am contemplating purchasing a property which I will then let furnished until I return. What is the position under the present law regarding possession when I return and require the property for my own occupation? Would your answer be different if it was let unfurnished? Are "holiday lets" freed from control? Holiday lettings are not subject to Rent Act security of tenure. There is at present no material difference between furnished and unfurnished lettings. As the position is likely to be affected by the proposed introduction of "Shorthold" tenancies it would be wise to await the passing of the present Housing Bill. As you are effecting a new purchase you cannot take advantage of the existing Rent Act grounds for obtaining possession as an owner-occupier, unless you intend to live there on your retirement.

## Job related to house

I shall shortly be taking up an appointment as a salaried member of a cathedral staff. Because of the nature of the work I shall be doing, which may entail "unsocial hours" as well, it has been considered useful for me to live in or near the cathedral close. I have been offered a Dean and Chapter house (unfurnished) on a rent-free basis, which I have accepted, since this avoids the need to sell my existing house at the moment. What hearing will this arrangement have on my tax position? At present I pay the Standard Rate and receive relief on mortgage interest.

You should ask your tax inspector for copies of the free Inland Revenue booklets IR11 (Tax treatment of interest paid) and CGT4 (Capital gains tax: owner-occupied houses). From

these, you will see that you will have no income tax or CGT problems on your own house, provided that your rent-free home is job-related (as defined in paragraph 4A of schedule 1 to the Finance Act 1974, as amended). The inspector will be prepared to tell you in advance whether he agrees that the rent-free home is indeed job-related.

## Encroachment on verges

Recently, some residents of this area have begun to enclose (unadapted) road verges into their gardens by moving fences forward, in some cases involving a well-worn footpath alongside the vehicular track. What, please, is the legal position? One of the houses involved has been put up for sale. Can the extra land be sold with the rest of the plot? The people who are encroaching on the verges probably have no legal entitlement to do so. However, only the owners of the land encroached upon have any means of redress at law: so the encroachments may mature into legal titles after 12 years.

## Overseas for tax purposes

My husband has lived and worked for more than five years and is "domiciled overseas for tax purposes." Is it the case that he is not liable to tax on a UK bank deposit account in his name?

My husband would like to transfer some funds to our daughter, possibly up to £10,000, in the near future. Are we right to think that both capital transfer tax problems and annual tax liability up to the limit of her tax free allowance would be avoided for her if my husband transferred the capital to her from his overseas bank account, held for over five years and funded by his earnings overseas? If so, are there rules to be observed in transferring?

When you say that your husband is "domiciled overseas for tax purposes," we gather (from the remainder of your enquiry) that you mean that he is neither resident nor ordinarily resident in the UK, for

Until then a vendor can only sell such right as he may have i.e. the opportunity for the purchaser to continue in adverse possession until the 12 years has run from the original encroachment.

## Service charge and a lease

I paid a service charge following the purchase of a long lease of a flat all of which referred to the time before I bought it. This charge is almost wholly spent on such items as oil, portage and other "consumables," with a small amount for repairs and maintenance. I claimed it back from the previous lessee, a barrister, and he refused to reimburse me. Do you think I could recover in the Small Claims Court? Should I raise the matter with the bodies who control the professional standards of lawyers?

We think that you should succeed on your claim provided that no representation was made on completion of your purchase that the apporportion-

No legal responsibility can be accepted by the Financial Times for the answers given in these columns. All inquiries will be answered by post as soon as possible.

ment of outgoings then made was in full satisfaction of the parties rights/claims. The professional bodies concerned will not act where a claim, if valid, falls to be pursued in court—although they may take disciplinary proceedings once the outcome of the court action is known.

## Co-ownership property

I live in a flat in a co-ownership housing estate, registered under the Industrial and Provident Societies Act, 1965. Can you please tell me what legislation covers the responsibility for the repair and maintenance of such co-ownership properties? Does the fact that a flat is involved affect the matter? The provisions as to the payment for the cost of repairs and services are not laid down by statute. These will depend on the actual terms of your lease. This may use size as the criterion, or the proportion of the rent of the flat to the total rents of the Association/Society. Flats come within the general provisions.

justify the expense of professional guidance—from a local solicitor or accountant, perhaps. A free booklet on CIT (CTT1) is obtainable from the Capital Taxes Office, Lynwood Road, Thames Ditton, Surrey, KT7 0DP.

As long as your husband remains not resident in the UK (for UK income tax purposes), your daughter will be entitled to set her personal allowance (£1,375 for 1980-81) against the interest arising from gifts to her from him (but not from you). The reason for this is that the general rule on children's income derived from their parents does not apply for any tax year in which the parent in question "is not chargeable to income tax as a resident in the United Kingdom." The quotation is from section 437 (5) of the Income and Corporation Taxes Act 1970. If and when he returns to the UK of course, the interest from his gifts will be caught (unless she is 18 by then, or is married).

But one necessarily the ordinary buyer of a secondhand car: though anyone buying a secondhand car from a reputable dealer ought to be able to get an assurance on its previous history and a so-called guarantee of warranty for at

## Remember, insurers are in the repair business

INSURANCE  
JOHN PHILIP

WHILE THE great majority of road accidents involve relatively minor motor vehicle damage, with repair bills in the £100-£200 bracket, inevitable some have far more serious consequences.

Some cars are so badly damaged as to have only scrap value, while others are severely damaged and repairable only at great delay and considerable expense, so that it is not in the interests of either of insurers or of their claiming policyholders to arrange for repair. Cash is paid, and the damaged car sold to the highest bidder—to scrap, to cannibalise, or to repair, as he thinks fit.

At one time insurers used to have an arrangement with the Department of Transport whereby notice was given of any car or vehicles sold as a wreck or very substantially damaged—but this arrangement was abandoned long ago and now the only notification insurers make is of change of ownership to the licensing authority.

The car that is written off by insurers can thus find its way back on to the road again without the ultimate buyer ever knowing its history (particularly if there have been several people in the chain of sale and purchase). Of course, if in the meantime, it has been satisfactorily repaired, the ultimate purchaser has no need to worry.

On this point it is worth remembering that insurers themselves are in the repair business, for research purposes. The Motor Insurance Repair Research Centre was set up some years ago to investigate methods of repair and costings, and Thatcham, in the course of its researches, repairs wrecks and near wrecks, and then sells them, partly to recoup its costs. But of course anyone buying a car from Thatcham knows that he is getting a car that has been repaired by experts.

But one necessarily the ordinary buyer of a secondhand car: though anyone buying a secondhand car from a reputable dealer ought to be able to get an assurance on its previous history and a so-called guarantee of warranty for at



least the first six months.

Anyone buying from a less reputable dealer ought first to have an independent engineer's report. But anyone buying from an individual ought to ask for a look at a range of insurers' proposal forms, and you will find positive questions about modification and adaptation, but not about repairs or rebuilding.

By the statement of insurance practice, insurers undertake to ask positive questions on those matters they have found "generally to be material"—so the absence of questions about repairs or rebuilding strongly suggests that generally the fact of substantial repair is not material. I emphasise generally—there may be particular circumstances of the exception that proves the rule-kind.

Even if the motorist is under no duty of disclosure, he still has to have regard to his policy conditions, and all private car policies contain a maintenance clause, requiring the policyholder to maintain his car in efficient and roadworthy condition.

So once the unwitting purchaser of a substantially repaired car learns what he has bought, he must ensure that it is roadworthy before he drives it again—otherwise he will not be able to look to his insurers for protection in the event of accident.

## Mines sparkle Down-Under

## MINING

GEORGE MILLING-STANLEY

AUSTRALIA has once again been the centre of attention in this week's news, with financial results from half a dozen of the biggest names in the country's mining industry.

A month ago, this column reviewed the first half performances of several of the major North American natural resources companies, and made the point that the recession did not seem to be hurting mining

and metals companies as badly as most other sectors of industry.

Subsequent results from Asarco and Phelps Dodge of the U.S. and Canada's Inco showed that the picture was not all rosy, but the overall impression that mining companies are not suffering as much as many others persists.

This week's batch of results from leading Australian mining concerns provides some support for an optimistic stance. Of the six major companies which reported on their results for either the first half or full year to June 30, no less than four de-

serve to be described as sparkling, while the other two suffered not from the slowdown in industrial activity but from special situations. And only one of the six referred to the recession with much concern.

First, one of the sparklers, EZ Industries, the zinc producer and base metal miner, advanced net profit by no less than 116.5 per cent over the previous full year to a record A\$36.8m (£18.4m).

This was the company which clearly felt some ill effects of the recession, since no less than A\$33.1m, or almost 90 per cent, of the profit came during the first six months of the year, when just A\$3.7m being earned in the second half.

EZ said that it had been fortunate in being able to sell from accumulated stocks at a time of very high prices in the first half of the financial year, and took advantage of this to make large deliveries of lead and copper concentrates and lead residues containing silver and gold.

Profitability was enhanced by continued strong demand for zinc, which enabled the company to maintain output at a high level.

In marked contrast, the volume of lead and copper deliveries fell sharply in the second half.

Even in the face of this, EZ was still able to strike a hopeful note. "It would be wrong to project earnings from the second half in an attempt to assess profits in the current year," the company said.

It is maintaining output of zinc, lead and copper concentrates at close to capacity levels, and pointed out that metal prices appear to have stabilised "to some degree" at levels above those achieved in the second half of the year just ended.

The U.S.-controlled Utah Development, Australia's largest coal producer, managed a rise of just 7 per cent in the first half to June 30 to A\$76.3m. This company, which is owned as to 89.2 per cent by America's Utah International, itself a wholly-owned subsidiary of General Electric of the U.S., was one of the two companies adversely affected by a special situation, in this case the 10-week-long strike by coal miners in Queensland over attempts by the authorities to tax their subsidised housing.

Utah warned that the strike will sharply reduce its full-year results, and said that even in the event of an early settlement, coal production by its five mines will probably be down by more than a quarter on the first half's figure of 9.4m tonnes. The company's managing director, Mr. Keith Wallace, cautioned that Utah would be "struggling to break even" over the second half.

The other special situation reducing net profits occurred at Queensland's Mary Kathleen Uranium, in the Rio Tinto-Zinc group, where profits were almost one-third lower in the first six months at A\$6.03m. Here, the problem was taxation.

MKU has finally absorbed all of the tax losses accumulated over the years of its development, and warned at the end of the last financial year that net profits would be substantially lower for the remaining life of the mine. Thus the A\$5.6m tax charge, compared with nil last time, masks a rise at the pre-tax level of 33 per cent to A\$11.7m.

MKU's problems do not come from the recession, with demand for uranium beginning to show signs of picking up from the recent depressed levels. A far bigger worry is industrial disruption, which cost the company eight weeks' production during the first half.

Beyond that, all members of the Electrical Trades Union employed at the mine have been instructed by their union to resign, and there is as yet no means of knowing which way the court case on the issue will go.

Turning again to the companies which produced sparkling results, the Queensland-based metals producer MIM Holdings scored an advance of 98.8 per cent in the year to June 30, with net profits at a record A\$203.5m.

MIM received higher prices for all of the minerals it produces, with silver to the fore. The company is unconcerned by the 17.4 per cent fall in silver sales volume, which it regards as a move towards "more normal" levels.

Peko-Wallaseed, which also has substantial industrial interests in addition to its metals operations, did almost as well as MIM, with a full-year rise of nearly 80 per cent to A\$46.6m.

The company attributed its progress mainly to the sharply higher gold price which prevailed during the second half of the year, and the inclusion of a full-year's results from the scrap metal concern Shmsmetal compared with just two months in 1979-79.

Finally, we come to Consolidated Gold Fields Australia, where net profits rose by 56.8 per cent to A\$19.03m in the year to June 30. All sectors contributed to the advance, but the 53.2 per cent-owned Renison mine in Tasmania was once more the major factor behind the excellent figures.

CGFA is confident of continued strength at Renison and its other major operations, copper at Mount Lyell, which is backed by significant amounts of by-product gold and silver, and the beach minerals producer Associated Minerals Consolidated.

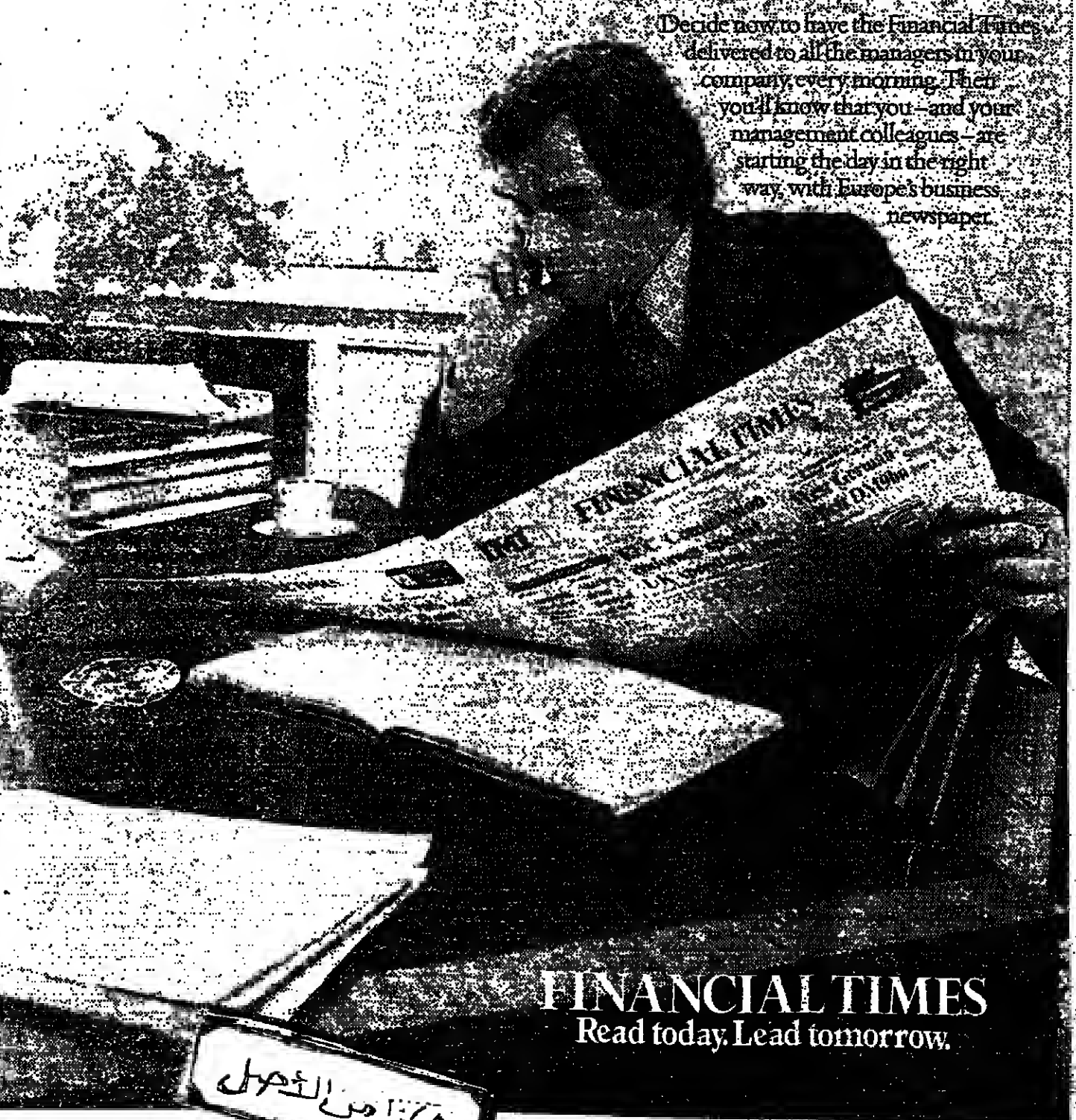
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The aim of this Trust, which has attracted funds in excess of £1,500,000, is to provide investors with a high level of income, paid quarterly, together with a measure of long-term capital growth, from a managed portfolio of UK Government Stock (Gilt).

12½% p.a.  
Estimated Gross Commencing Yield

Gartmore feel that gilts are attractive at present, since authorities have held interest rates at high levels, and are determined, as a priority, to reduce the level of inflation. We expect interest rates to fall but would point out that investors in the Trust should continue to receive the level of income published at the date of purchase and benefit, in capital terms, from any general reduction in interest rates.

For your guidance, the offer price of the units on 29th August was 25.0p.

You can invest a lump sum of £200 or more, or as little as £25 through the Gartmore Moneybuilder Plan. Please complete and forward the coupon below.

Remember the price of units and the income from them can go down as well as up. You should regard your investment as long-term.

Applications will be accepted until 31st October 1980. Units will be issued on 1st November 1980. The Trust will be open for subscription until 31st October 1980. The Trust will be open for subscription until 31st October 1980. The Trust will be open for subscription until 31st October 1980.

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## YOUR SAVINGS AND INVESTMENTS

With 2m unemployed, Tim Dickson looks at the financial consequences of being out of work

## Redundancy: A time for careful planning

IT IS probably a toss-up whether cricket or the latest grim unemployment statistics will be the bigger talking point this weekend. But if Ian Botham's belly and John Arlott's retirement prove to be more pleasant diversions than the threat of 2.5m out of work, the financial implications of redundancy will turn out to be of more lasting importance for a great many people.

Already this year no less than 229,600 redundancies have been notified to the Department of Employment, compared with

33,700 in the first seven months of 1979. And with ICI's announcement this week that 600 jobs will have to go from its soda ash workforce (admittedly through natural wastage rather than enforced redundancy) it is clear that even the strongest companies are having to take drastic steps to ride out the recession.

Good financial planning is important throughout life but it is absolutely essential for someone who is suddenly thrown out of a job. There are at least three good reasons

First of all, the taxation of ex gratia and composition payments is extremely complicated and getting the right advice can mean a saving of thousands of pounds. As one tax expert remarked this week, "Someone on PAYE has very few, if any opportunities legally to avoid tax. If he is made redundant and gets a golden handshake the scope is enormous."

Secondly, the sudden severing of a regular income can make short term survival a major headache—it is therefore vital to make

the best possible use of available assets. Finally, redundancy has a nasty habit of ruining the best laid retirement plans and some sort of emergency reassessment may well be necessary.

Tax accountants, insurance brokers and other financial advisers offer possible ports of call in the current choppy economic waters. But specialists in these matters (though they are not easy to find) are probably a better bet. Your employer should be able to help here.

## Don't lose the shine on your golden handshake

IT IS worrying enough when you become redundant, without the taxman breathing down your neck. But it is worth remembering that the Inland Revenue does not make life any easier and unwittingly perhaps, lays one or two traps for the unwary sufferer.

What particularly interests the taxman is the lump sum you are likely to receive, on being paid off.

The first thing to define is the nature of what is popularly called your "golden handshake". The big distinction is between "compensation" and "ex gratia" payments, a subject which has been known to keep the experts arguing and on which it is well worth getting professional advice.

Broadly speaking compensation is made if a service contract is broken i.e. to avoid going to court, while ex gratia payments are entirely voluntary and made without obligation or threat of litigation by the employee.

The important thing is that ex gratia payments are more lightly taxed and while the Inland Revenue claims to be able to spot the difference, there are apparently cases where getting help with the wording can pay dividends.

The first £10,000 of each type of golden handshake is entirely tax free, but extra relief for ex gratia payments can occasionally be obtained by applying what is called the Standard Capital Superannuation Benefit (SCSB). If this amounts to

more than £10,000, it can be taken as the tax free sum. The SCSB is worked out by taking your average annual pay over the past three years, dividing it by 20 and multiplying the result by the number of years you have served your employer.

On this basis the SCSB would appear to benefit the highly paid employee who has been with his company a long time—but it is not widely appreciated that there is a nasty sting in the tail.

Two years ago the Government changed the law to take into account any lump sum received or receivable in future from a pension. Since most schemes allow part commutation (i.e. you can take a cash sum and forego part of your ultimate pension) and since most highly paid and long serving employees have usually built up considerable entitlements to pension, the SCSB these days mostly proves to be a non-starter.

The next step is known as "top slicing," which is the method for calculating the liability on the taxable balance. Take someone, for example, who gets a £28,000 ex gratia payment. After taking away the £10,000 the tax free element is £18,000.

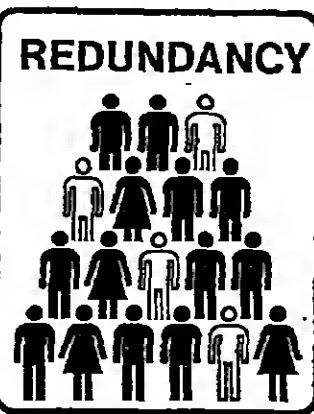
To establish what tax is due you divide by six (making £3,000) and then add in any investment income or income from a new job or pension income earned during the year in question. Income from the old job is excluded.

Thus for our example, if you have £1,000 investment income and £1,000 from a new job the total becomes £5,000 on which the individual's normal personal allowances are applied. The notional tax paid on this £5,000 is then multiplied by six to determine the total tax liability. A married man in our case (personal allowance £2,145 subtracted from £5,000 = £2,855 taxed at basic rate of 30 per cent = £856.50 x 6) will pay tax of £5,139 on a £28,000 golden handshake.

Top slicing of compensation payments, meanwhile, follows the same formula—instead of dividing the taxable balance by six, substitute the number of years of an unexpired contract. The example above illustrates that if possible redundancy should be timed to coincide with the end of the tax year—if it happens in May the income from any subsequent job or pension rights over 10 months could be considerable and substantially increase the tax liability on a golden handshake.

A wife's earnings may also come into the calculation but this can be avoided by opting for separate taxation (wife's earnings election).

Good financial planning is therefore essential. As Mr. Nigel Bolitho, of London redundancy experts Douglas, Deakin, Young points out, it may well be worth deferring the start of a new job and it will certainly be worth minimising income from investments.



REDUNDANCY

Minimising the tax bill is only the first step for redundant employees. The next move is to decide what happens next—do you opt for early retirement or do you take a new job?

Some people may well speed a few months examining the possibilities and during this time it will probably be advisable not to lock your assets away. Longer term you may need to readjust your plans for retirement.

The following is a checklist of some of the points to consider:

- Mortgage: Do you pay it off? Unless you are near the end of the term there are probably better ways of investing a golden handshake.
- Taxation of golden handshake.
- State benefits available—e.g. unemployment pay.
- National Insurance: are voluntary contributions necessary? Answer—almost invariably "No" but check with DSS.
- Pension: does it escalate, what happens if you die? Is it easily transferable? Should you defer it or take immediate pension?
- Short and longer term investment plans.

## Three gifts in the package

A NORMAL redundancy package comprises three main elements—statutory redundancy pay, pay in lieu of notice (assuming you are making a hasty forced exit), and an ex-gratia or compensation payment on top of the statutory minimum.

Under the Employment Protection (Consolidation) Act of 1978 employers are required to make lump sum payments to any employee under 65 (mao) or 60 (woman) who has completed two years' "reasonable service" since the age of 18. Entitlement is based on three main variables: age, length of service (up to a maximum of 20 years) and weekly pay up to a maximum of £120.

For each year of "reasonable service" between 41 and retirement age you get 1½ weeks' pay. This falls to one week's pay for each year of service between

the ages of 22 and 40 and half a week's pay for each year between 41 and 50. Most companies should make more generous arrangements but these are the minimum sums laid down.

If, for some reason, a company is unable to pay the statutory figure, an employee can then apply to the Department of Employment for the money.

The maximum legal entitlement is £3,800 (30 weeks at £120), the redundancy payment of a man with 20 years' reckonable service between the ages of 41 and 64, and a week's pay of £120 or more.

Redundancy payments are taxed under separate rules (and discussed elsewhere). Pay in lieu of notice is also taxed in this way but holiday pay is treated as ordinary earned income.

## Drawing the dole

REDUNDANCY and the dole queue are not immediately synonymous in the executive's mind. But unemployment pay, if on substitute for a middle manager's salary, provides a basic income which is untaxed and available without means test to anyone out of a job.

The basic unemployment pay for a single man is currently £18.50 a week, though this will rise to £20.65p from November. A wife gets £11.45p (£12.75p) making the married couple's total £29.95p at the moment (or £33.40p in November). There is another £1.70 per week per child though this is going down to £1.25 in November since child benefit is going up.

On top of these entitlements, there is an earnings related supplement dependent on your earnings in the tax year previous to the January of the year you sign on—for anybody doing

so now that means the tax year 1978/79. The maximum earnings related supplement is £17.67p a week (it goes down to around £14 in January and will be phased out at the end of 1981) and applies to anyone earning more than £8,000 in the year in question. The minimum, perversely enough, is a penny.

Obviously it is not possible to draw unemployment pay until your contract expires and at this stage you receive nothing for the first three days. Thereafter, the flat rate benefit continues for a year while the earnings related element (which starts after two weeks) only lasts for six months.

Supplementary benefit may be available at the end of the year but other income and assets are taken into account. For example, if you have more than £2,000 in capital you are automatically disqualified.



Mr. Cooper with the famous engine

## Mr. Cooper keeps the engines running

"YOU READ so much gloom and doom these days," Mr. Charles Cooper, recently retired chairman of Cooper Industries, West Midlands precision engineers and steelmakers, says.

Mr. Cooper has done his bit this week to lift the gloom from the 110 employees of Malins Engineers, who make the famous Mamod model steam engines.

Malins went into receivership in March after major spending on tooling for a new model last year was not rewarded with strong Christmas trade.

Several parties, including Mr. Cooper, who is also chairman of Morris Vulcan, the booming roller skate maker, showed interest at an early stage.

"They have a most excellent factory a good workforce and an excellent range of products," Mr. Cooper says. "The only problems are insufficient working capital and a poor order book."

He says he is paying £500,000, which provides for working capital as well as paying off the receiver.

The Malins family started the company in 1935 and held it until this year, outlasting most competitors but suffering from

bad publicity in the mid-1970s surrounding injuries to children in the U.S. from incorrect application of the models' methylated spirit fuel. The models have since been converted to solid fuel.

The company fell into loss in 1978 and then had a crippling loss of £100,000 last year on turnover of less than £880,000.

Until recently, about 40 per cent of Malins sales and more of its profits came from export markets. Mr. Cooper believes he can make export sales even more important by using Morris Vulcan's network of foreign distributors.

Exports have an extra value, he says, in that orders tend to come in the first half of the year and so even out the stronger domestic demand in the second half. "For me, it seems fairly straightforward. This is why I am putting my money in it."

Mr. Cooper himself never had a Mamod steam engine. "We couldn't afford it. I was one of a large family. But my chauffeur has one. He thinks it is the greatest thing on earth."

Ian Rodger

## How you could borrow £50,000

STEP INTO a building society today and you could walk out with a £50,000 loan. What would have been unthinkable six months ago has suddenly become possible in the new climate of deepening recession, mounting unemployment and persistently high interest rates.

Demand for mortgages has dropped, yet receipts from savers have perked up and with many societies suddenly flush with funds the days of big advances appear to be back.

"Earlier this year it was difficult to obtain a mortgage at any of our branches for more than £25,000," says Mr. Bob Rendell, a general manager at Abbey National, Britain's second biggest society. "Currently, however, it is possible in some areas for customers with a good savings record to borrow up to £50,000."

Mr. Rendell emphasises that branch managers always have discretion over individual applications and nothing can be guaranteed. Nonetheless, it is clear that the slowdown in mortgage demand and "a more reasonable supply of funds" has encouraged the Abbey significantly to relax its lending criteria.

The position is similar elsewhere. Provincial, the country's ninth largest society with assets of £1.3bn, is also happy to lend up to £50,000 and will

## HOME LOANS

TIM DICKSON

even consider the "odd case" up to £100,000 if a property is in good condition and is sited in a first class residential district. Six months ago, customers would have been lucky to get their hands on £25,000.

Over at the Halifax, Mr. Alan Greenhalgh, assistant general manager, says the society's 400 plus branch managers are making advances where requested of between £30,000 and £40,000. Borrowers, however, have to satisfy the society that they are using all the available equity from the sale of another house.

"Before Christmas last year, the maximum advance at many of our branches was only £15,000 though at some £20,000 and even £25,000 was the upper limit," Mr. Greenhalgh says.

Everything, however, has its price and before rushing out to take advantage of societies' newfound generosity it is well to remember that the more you borrow the more you are going to be charged. Add to qualify for a £50,000 loan you need to be earning about £20,000 a year.

Abbey National, for example, would want you to pay interest of 17 per cent on a £50,000 loan. Halifax would be talking about 16½ per cent for £40,000 (slightly more if repaid through an endowment policy) and while larger sums at the Provincial are negotiable at the moment would probably have to put up with interest of 19½ per cent on a £50,000 advance. Most societies now charge more than the basic 15 per cent for even average sized amounts and Provincial is by no means untypical in introducing a sliding scale for advances above £15,000.

Almost invariably, however, building societies are a cheaper source of housing finance than banks, which have been showing signs recently of stepping up their attack on the mortgage market. Last week, for instance, Lloyds Bank announced that it is lowering its minimum advance from £15,000 to £10,000 and earlier in the month Williams and Glyn's Bank said it is planning to help council house tenants buy their own homes with advances of between £2,000 and £15,000.

The timing of these developments is perhaps a shade ironic since the banks in the past have tended to satisfy the expensive end of the market where building societies pro-

vide an incomplete service. With home loan queues down to a trickle, the demand for Lloyds' relatively costly mortgages is likely to be limited and at the same time societies are again in a position to compete more effectively further up the scale.

In a sense then societies are fighting back. As Mr. Colin Jackson, Provincial's mortgages manager says: "We are all conscious of the inroads banks have been making at the top end of the mortgage market. By making bigger advances and therefore charging more they have been able to take most of the cream, leaving us with smaller terraced properties in poor areas where things can go wrong."

"I know we are non-profit making institutions with a social responsibility but commercial considerations have got to come into it as well," he adds.

While this may well be so, a major counter attack by the building societies is ruled out by the Building Societies Act. This restricts special advances (defined at the moment as loans to corporations or loans in excess of £25,000) to 10 per cent of total annual lending. If this limit is exceeded the society in question has to curb its special advances the following year to 2½ per cent of total lending.

further medical evidence.

Finally the research threw up an unusual feature in that homeowners do not look on their life policy as they do their fire policy. They expect something back from their life policy should they survive the mortgage term, whereas they thank their lucky stars if they do not have a fire.

So Sun Alliance has introduced a new policy, the Variable Mortgage Assurance plan. This is a combination of level term assurance plus with-profits endowment.

The housebuyers can decide at the outset what lump sum he would like at the end of the mortgage period and pay the appropriate premium. Or he can simply build up on the endowment element as he goes along.

This plan conforms with the overall requirement of flexibility to meet improving financial circumstances of house owners. At the outset they need only have minimum cover. Then as circumstances improve they can pay a few more pounds a month towards a lump sum at the end of the mortgage period.

Sun Alliance has extended this principle to its low cost contract used to repay a mortgage under the endowment method. Under the Variable Economy Plan, the investor can increase the expected lump sum at maturity by adding to the endowment element in the same flexible manner as in Variable Mortgage Assurance.

Eric Short

## Ray of Sunshine

ask housebuyers, insurance brokers, building societies as well as its own field staff what was required for a mortgage related life policy in the 1980s.

One lesson learnt is that the old style of decreasing term policy used to cover the out-

standing sum under the repayment method was totally inadequate in times of rapidly escalating interest rates.

So its new style Mortgage Assurance used for a repayment mortgage is a level term assurance for the amount of the loan. Whatever happens to interest rates, the outstanding mortgage is always covered, and the extra cost compared with the old style is minimal.

In addition, there could be a cash sum available on death equal to the amount of mortgage already repaid.

Housebuyers on changing house and arranging a fresh mortgage want to be able to use their existing contracts and take out fresh ones with a minimum of formality and no cash-in-penalty. On all its policies, housebuyers can alter contracts and take out new ones to meet the new conditions without undergoing further medical examination or even providing

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Page 6

Page 7

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## SPORT/TRAVEL



Graeme Wood: a century century.

## Rain and the game

## CRICKET

TREVOR BAILEY

THE AUSTRALIAN is never more dangerous than when he appears to be in trouble, so that when the hookies started to offer 7 to 1 against them winning the Centenary Test, it was pretty clear they would proceed to play far better than their previous performances suggested they could.

Graeme Wood, a young left-hander with a pleasing style, including the ability to drive on the up and a most unenviable record of run-outs, and a man who many good judges did not think should have been selected for this trip, celebrated his first appearance abroad with a century of considerable character. This innings must almost guarantee that he will be back next year.

Greg Chappell who had the good fortune to call correctly and hat on an easy pace pitch, produced several masterly strokes in his 40. Hughes, who batted so well at Edgbaston, would have probably have completed a century by now if bad light and rain shortly before noon had not stopped play for the rest of the day, much to the disappointment of another capacity crowd.

The England attack on Thursday and Friday was usually accurate, but rather lacking in penetration and real pace. Hendrick, Old and Botham are essentially fast-medium bowlers, ideal third seamers in an international side rather than the spearhead. Botham was again disappointing as has been the case so often this summer, because he is not swinging the ball as much as he did who racing to his 150 Test wickets, while understandably he is still something of a novice when it comes to captaincy.

The large assembly of former England and Australian players are standing up remarkably well to the great hospitality which has been lavished upon them. The sad thing is that the weather which has ruined so much of this summer, should strike again. The play they have seen to date has been interesting and workmanlike but possibly a shade short of class. You certainly would expect both these two sides to be beaten by the current West Indies.

Although the Australian batsmen have to date done better than expected, England also should fancy their chances of making plenty of runs against what is virtually a four man attack. What is unusual these days, and very pleasant, is that the quartet consists of two spinners, Bright and Mallett, and only two pace bowlers: the still redoubtable Lillee and Pascoe.

The one danger would be if the pitch should break up. There was just a suggestion of two that spinners were beginning to gain some little encouragement on Friday.

## And so our heroine triumphs in the struggle of the Open

## TENNIS

JOHN BARRETT

IT WAS like watching a slow motion re-run of a familiar old "B" movie. In the first flickering reel, our heroine, Virginia Wade, eyes flashing, nostrils flaring, was frittering away the first set to a gawky unknown from Argentina, Claudia Casablanca, who smites a fierce western grip forehead and an awkward double-handed backhand. During the course of losing the set 4-6, the 1977 Wimbledon champion clearly was angry with herself as she slammed a ball dangerously into the stop netting to earn a public wringing from umpire Frank Hammond.

"She behaved like an angel after that," smiled Hammond. But midway through the second reel of this second round match in the \$654,032 U.S. Open, there was the distinct possibility that the 12th seed might become a fallen angel. Miss Wade's timing was horribly awry on the forehand which she was taking later and later and hitting off the right leg with an unconvincing slap.

Fortunately for her, the hefty 20-year-old Miss Casablanca, who won the Open junior title in 1977 when the championships were played on clay, could not sustain the rallies on the faster Decoturf II asphalt surface at the U.S. Tennis Centre in Flushing Meadow.

Examining a strange squeaky grunt with each forcing forehand, the Argentine girl tried desperately to out-hit Miss Wade from the back of the court. But on a day when she did not have the confidence to volley consistently, the older player sensibly kept the ball going and allowed the South American storm to bow itself out—which it did in the ninth game.

The script for the final reel was predictably dramatic. Heroine gets early lead; heroine loses lead; crowd erupts; wind rises as storm threatens; challenger is broken again and heroine serves for match: floodlights switched on as darkness falls; heroine loses serve but breaks challenger at once; crowd erupts again with cries: "Go get her, Virginia, you can do it." Heroine smiles darkly.

So at last Miss Wade reaches match point. At 6-5 and 14-15 on her own serve. The crowd is hushed now and the lights glare down as the heroine



Roscoe Tanner: a real test that lies ahead



Tracy Austin: every inch a champion

hounces the ball in preparation for the closing scene of a drama that has stretched our nerves for 136 anxious minutes. Clearly Miss Wade knows her lines. The moment demands a spectacular finish and she duly provides it—a flashing ace to the forehand which leaves Miss Casablanca flat-footed and defeated. 4-6: 6-3: 7-5.

At 35, Miss Wade struggles to stay among the top flight. She has not won a tournament this year and on the evidence of today's match, she cannot expect to get past the No. 5 seed, Wendy Turnbull, if they meet as forecast in the fourth round.

But at least Miss Wade is still in her familiar role as the last surviving British woman and if this was not a great match at least it was exciting enough to delight the shirt-sleeved and bare-backed New York fans who packed six-deep round Court 17 to watch—part of the 17,163 crowd which attended the afternoon session.

Elsewhere on another scorching, sultry day, they saw India's Vijay Amritraj dispose of the eighth seed, Eddie Dibbs (U.S.) in five gruelling sets. 7-5, 0-6, 4-6, 6-2, 6-1 on the mercifully shady Grandstand Court.

Dibbs looked lethargic—due no doubt as much to his long five-set battle against Bob Lutz on the opening night as to the enervating humidity. Amritraj looked elegant as he always does but nowadays there is more purpose about his play, instilled perhaps by his new coach, Roy Emerson, one of the great past Australian champions.

On the huge Stadium court another seed was beaten, America's Peter Fleming (9)

who has a poor U.S. Open record, was beaten 6-1, 6-1, 6-0 by the speedy S. African Johan Kriek who always seems to play well here. For the past two years he has reached the quarter finals and this victory over Fleming has opened the door once again.

If, as he should, he beats Tony Giamalva, one of two successful sons of the former U.S. Davis Cup player, Sammy Giamalva, he will either play Buster Mottram or Hawk Pfister for a place in the last eight.

Safely, but not impressively, through is the top men's seed Bjorn Borg. His 7-5: 6-2: 2-6: 6-0 win against John Sadri of North Carolina contained enough good things to suggest that he will come to the hilt at the right moment if his suspect right knee holds up on the unkind surface on which this tournament is played.

He says that there is no discomfort yet but the real tests against Yannick Noah of France and Roscoe Tanner (USA) lie ahead—one of them probably under floodlights which the Swede is known to dislike. All talk surrounds his third successive attempt on the Grand Slam—the winning of the four titles at Paris, Wimbledon, Flushing Meadow and Melbourne.

Having achieved so much already, the one gap in his amazing list of titles is the U.S. Open and victory here would seal his place as probably the best player the game has ever seen. Certainly the Grand Slam would underline that view.

Mottram's 7-6: 6-2: 6-4 win against the highly respected Swiss boy, Heinz Günthardt was encouraging for a new steely purpose about the British No. 1's game.

"I felt so tired in the third set in that heat but fortunately he looked worse than I was," said Mottram afterwards. "I felt I was hitting the ball pretty well, my timing felt good."

It will need to be if he is to return enough of Pfister's cannon-ball serves to move into the fourth round. Despite the heat which was measured at 116 degrees off the Stadium court at 1 pm and the deafening roar of aircraft taking off from La Guardia, No. 13 runway once every 90 seconds, Tracy Austin looked every inch the defending champion and No. 1 seed, as she reeled off 12 games in a row to dismiss as irrelevant the challenge of the 1970 and 1971 finalist, Rosie Casals of San Francisco.

Mottram can count himself lucky. His expected opponent was No. 5 seed, Vitas Gerulaitis, last year's finalist here. But on Thursday night the New-Yorker disappointed against Pfister, a tall, strong serving Californian who won their second round match 6-3: 6-2: 3-6: 1-6: 7-6.

In the tie-break that ended



Bjorn Borg: a hot week in New York

the match (a practice I deplore) to two but ultimately lost it 6-3. Just as at Wimbledon where Wojtek Fibak's nerve held firm,

to give him a five-set victory 8-6 in the final set, so here Pfister took advantage of some tentative volleys by his opponent.

## Good prospects for Price

## RACING

DOMINIC WIGAN

SANDOWN has always been a happy hunting ground for Ryan Price and with that trainer's string back in form, Flindon runners may well be the soundest each way prospects there today.

Price, whose tally of 28 on the Escher course since the start of the 1975 campaign has only been bettered by Peter Waiwyn, seems sure to see that fourth-year-old Sandford Boy representing Soldiers Field with distinction in the day's feature event, The Playtex Trophy.

In his last race this smart son of Sandford Lad—the fastest colt to have passed through Price's care—gained an overdue success in emphatic style when giving weight and a beating to Hot Case in Folkestone's Canterbury Handicap. Setting a strong pace from the early stages Sandford Boy had his rivals struggling in vain pursuit in the final quarter mile and passed the post with two lengths in hand of Hot Case to whom he was conceding 7 lbs.

With an additional furlong to

cover here on a stiffer course and a strong pace assured Sandford Boy has an obvious chance of following up. Among the remaining 11, I have most respect for One No Trump, though ready to do himself full justice, on this his seasonal debut, and the Newmarket challenger, Seven Hearts, who is better than his Redcar run suggests.

Another Price colt with prospects is Divino Santi, among the runners for the Kent 36 Stakes. As the comfortable conqueror of Besque in a six furlong maiden at Newbury in the autumn, following a second placed run in Ascot's Duke of Edinburgh Stakes behind Missed Blessing, Divino Santi has yet to recapture that fine two-year-old form. However, he showed that a return to something approach-

ing his best could well be imminent in his most recent run and I believe him to be another worthy of each way interest.

Stan Mellor, best known for his record-breaking haul as a National Hunt jockey, has been doing well with his Flat runners in a quiet way. This afternoon at Chester Mellor's Priory Lane ought to be something of a snip for the Linnhall Stakes. Last time out Priory Lane ran the Michael Stout trained Green Haze to a neck over today's trip of six furlongs.

## SANDOWN

1.30—Blythmore  
2.00—Whitby Copse  
2.30—Sandford Boy\*  
3.00—No Faith  
3.35—Cut Above  
4.10—Divino Santi\*\*

## CHESTER

1.45—Moon Pad  
2.15—Mac's Delight  
2.45—K-sera  
3.15—Prince  
3.45—Stamen  
4.15—Priory Lane\*\*\*  
4.45—Downbeat

## Warmth in Bangkok

## TRAVEL

ARTHUR SANDLES

IT HAD been a warm day in Bangkok. The sizzling heat of the sun was now, however, giving way to the softer enveloping atmosphere of a tropical evening. We sat watching the sluggish movement of night-time traffic on the Chao Phya River, Thailand's River of Kings. We raised glasses, we chatted, all white shirted, summer frocked and wishing to be nowhere else but where we were. Behind us stood the gleaming walls of the Oriental Hotel, famed resting place of the literary and empire building great. In front was the dark warmth of Thailand, a land of water, lush vegetation and some of the most delightful people in the world.

But... Bangkok is not all travelogue scenea and untrodden lifestyles. It is a city of hectic commerce, urban sprawl, clogging traffic, massage parlours and temperatures which can be crushing to visitors from northern Europe. It is the capital of a land living under constant threat that the current oriental infection, war, will tumble deep across its borders.

In all it is an encapsulation of the East. There is a temptation to rush back and tell friends—see it now, it may not be like this in a year's time. I cannot think of another large city in the area which provides examples of so many of the contrasts of the East and does so in a setting which is at once timeless and transient. The old east is fast disappearing from Singapore and Hong Kong and is perhaps a little pressingly present in Calcutta and Colombo. But Bangkok is a mixture of old and new, where the visitor can wander without burdensome accostings and where the hotels and restaurants are among the finest in the world.

Above all, Bangkok is a city of welcoming people. There is



Bangkok: a floating market

an all-pervading eagerness to please which lulls the visitor into a pleasant sense of contentment.

But Bangkok is not a relaxed city. Thailand boasts superb beaches and restful countryside but the capital itself roars and bores itself to life in the early hours. Trips to the Royal Temple of the Emerald Buddha, to a Thai boxing match (don't miss it) or out to the mesmerizing horrors of the snake farm tend to be via a frenzy of traffic which makes Hyde Park Corner seem like a lazy Irish lane. The rivers and canals (canals) are a more interesting and peaceful route.

Thai food lies like the country somewhere between the Chinese and the Indian. That splendid oriental practice of producing dish after dish of delicacies, rather than loading one plate with everything, is taken to a delightful extreme. It is a remarkably pleasant way to pass a tropical evening, eating slowly and appreciatively in good company and graceful surroundings. For most of us, spending our lives behind desks in the chilly northern hemisphere, such pleasures are rare. Be sure to

seek advice in order to avoid mistakes.

Shopping is pleasant and relaxed, without the hard bargaining of more commercial centres but not without a little toing and froing over price. No one is going to be too upset by being pushed down by 20 or even 30 per cent in making a deal, except the larger stores, but do not be too aggressive about it. Cottons, Thai silk, precious stones, bronze ware and snake skins (the famed ones, of course) are all good buys.

You will miss a great deal of the fascination of Thailand if you do not read up a little on Thai history. The tourist who has a light grasp of the story of Anna and the King of Siam is likely to bring a groan from the friendliest of Thais.

Bangkok by day is fascinating enough, but Bangkok by night is what has given the city much of its image today. There is no question but that it is a mischievous and a little bit of a woman is going to come to bat.

The massage parlours operate to restricted hours opening at around 4 in the afternoon and

closing at midnight with last orders no later than 11. There are parlours all over the city but the Oxford Street of the trade is the Pat Pong area. If you are eager to test the massage waters—and all the parlours do offer simple massage—seek local guidance, if possible from senior hotel staff rather than porters or taxi drivers.

For the inquisitive it is well worth going into a massage parlour if only to see how the system works. Male or female, no one is going to badger you or throw you out. Most of them have a small bar with drinks at normal prices. From the bar you will be able to see through a huge window into another room, which normally has chairs arranged half-moon style facing the window. Each chair is occupied by a girl. In most parlours at least two dozen Thai girls are lined up for the choosing. A basic massage will cost around \$4 in Pat Pong, but can cost ten times that in sumptuous locally-patronised establishments.

Throughout Pat Pong there are numerous bars. Again drink prices are not extortionate but

you will need a considerable degree of determination to fend off early affectionate advances from bar-girls. After midnight everyone seems to retreat to the Grace Hotel, an extraordinary centre of after-dark activity and one which highly respectable tour operator, Kuoni, offers in a package as a "night-life special." It says of the Grace: "...we never know whether people go there for the reasonably priced meals or the very friendly company. Definitely not for families—but bachelors seem to rate it very highly."

Outside the Grace Hotel, however, Bangkok is very much a place for families. Its rough and tumble streets, its boat-packed canals and floating markets, its astonishing palaces and temples, its heat, its food, its people, and even its mosquitoes combine to provide a remarkable travel experience. Starting prices are usually around \$450 for two weeks.

Further information: Tourist Authority of Thailand, 9 Stafford Street, London W1. Turnbull Gibson, Mattheus House, 122 Mincing Lane, London EC3. Thomas Cook, Thorpe Wood, Peterborough. Kuoni Travel, Deepdene House, Dorking, Surrey. Simply Oriental, 49 Conduit Street, London W1.

## All wobbly after a fango

BY LAILAN YOUNG

I HAVE just done the fango beside Lake Garda and it made me wobbly at the knees. It was all my own fault, because after the fango—which is a therapeutic mud bath—you aren't supposed to jump on a bus for Mantua, as I did, but you should relax in the recovery room and let the good mud work its wonders.

The acquisition of good health is a serious business in Italy. Doctors prescribe spa treatments for multifarious ailments, the mud packing and spa waters (for drinking or bathing in) are supervised by medical personnel, and the state foots the bill. Britons who want to hunt their eternal youth by attaching themselves to this Italian health service will have to pay their bills, but they will find the spas are great social centres too—havens from the pressures of urban life—where one takes the waters in between such diversions as people-watching in magnificent parks and gardens and sipping tea in palatial cafes where ancient fiddlers play old-time favourites.

The three spas I visited are all beautiful places in their own right: Montecatini Terme and Chianciano are surrounded by superb Tuscan countryside studied with ancient cities and medieval towns of great importance. Sirmione is on an enchanting peninsula of Lake Garda whose fjord-like northern shores are hemmed between mountains while the southern shore at Sirmione resembles an island sea. You could have a blissful holiday at any of these resorts without ever going near a mud bath or taking prophylactic waters.

At each resort treatments are available for major illnesses and diseases as well as general aches and pains caused by 20th-century living.

Sirmione is a picturesque town already popular in ancient Roman times as a spa resort. Old buildings huddle beside an impressive castle along a short peninsula jutting from the southern shores of Lake Garda, the largest and one of the most beautiful of the Italian lakes. The town is closed to car-traffic, a necessary measure in the spa season from March till October when the number of overnight visitors equals the resident population of 4,000. Visitors leave their cars on a parking site near the bridge which leads past the impressive walled castle

standing like a sentinel at the entrance to the town.

The narrow streets and busy squares are full of shops, restaurants and cafes; one of the most delicious drinks on order at the cafes in the main square near the inner harbour is a hot chocolate topped with lashings of whipped cream. Although this sounds incompatible with a health cure it is, in fact, what you are offered at some of the spa centres in the cafes after treatments.

On a wooded headland high above the lake at the end of the peninsula are the Grottoes of Catullus, the substantial remains of what must have been one of the most sumptuous Roman villas in all Italy. The villa can be reached on foot or by an electrically powered toy train through olive groves and orchards of oranges and lemons. As impressive as the villa itself is the sweeping views over the northern alps.

I took a boat trip to the place in the lake where the thermal springs bubble to the surface. The temperature of the water is not perceptibly different here, but the taste is strong for these thermal waters contain sulphur, chlorine, iodine, bromine and other goodies. This was great fun but not the way to true health Italian style. For this one must go to the public terms (spa) or to one of the three hotels to which these health-giving waters are piped.

These hotels are popular because they offer therapies on the spot. If that's what the problem is. But we stayed at the luxurious Villa Cortina and relished its fine gardens, swimming pool and hilltop position with views over cedars and oleanders to the shimmering pure waters of Lake Garda below. Most of the rooms are modern with balconies in a new extension wing. Mine was in the original villa which, if it lacked a balcony, more than compensated with old world elegance and an enormous bath redolent of the most extravagant comfort and luxury. Such gracious living is not obtainable at any price in Britain, and here it was only £70,000 a day for full board in the high season (Easter, July to end of September). The hotel is open from April to October.

My fango cost £9,500. The mud for it came from the lake and had been seasoned for two years before I nervously prostrated myself upon it. Every part of my body was covered

with the sneezing stuff except for my face, throat and chest, and I was invited to "abundantly perspire" under mud, a warm sheet and woolen blanket for 20 minutes. After a few minutes my nose began to itch and I had an uncontrollable desire to scratch it. An attendant obliged. Because of the extreme heat I could tolerate only ten minutes and thankfully exchanged the muds for a thermal bath which made my skin tingle.

This was followed by underwater hydro-massage in which the operator massaged my submerged body with a jet of water. This blissful event costs £2,500 and lasted ten minutes.

Sirmione is a perfect touring base for Lake Garda (sailing and cruising). Verona (in August there is a theatrical and musical season at the ancient Roman and Arena theatres), Vicenza, Mantua, Cremona, Sabbioneta (a curious 16th century town with Europe's first covered theatre) and other northern Italian treasure towns.

While Sirmione has many charms, Montecatini Terme has the ring of confidence that comes from being the spa resort frequented by the rich and famous. Sipped on an empty stomach, the waters of Montecatini are prescribed for liver diseases and ailments of the stomach and intestines from too much good living.

Other thermal treatments here are very exotic. For instance, you can lie on your back or tummy and let a battery of taps squirt beneficial waters from high above. The Scottish Shower hoses you alternately with jets of hot and cold water. You can experiment and see which form of torture best suits your body.

This huge temple of health has five different springs for drinking cures and three more for baths, mud packs, and other physical treatments. The Tettuccio is the most famous of Montecatini's watering places with a grand interior of monumental buildings and arcades decorated with impressive De Chirico paintings, gardens and lawns, and boutiques selling luxury goods. After sipping the waters you stroll past flowerbeds to the cafe where, to the accompaniment of a nine-piece orchestra, you sip coffee, tea, hot chocolate, or soup of the day.

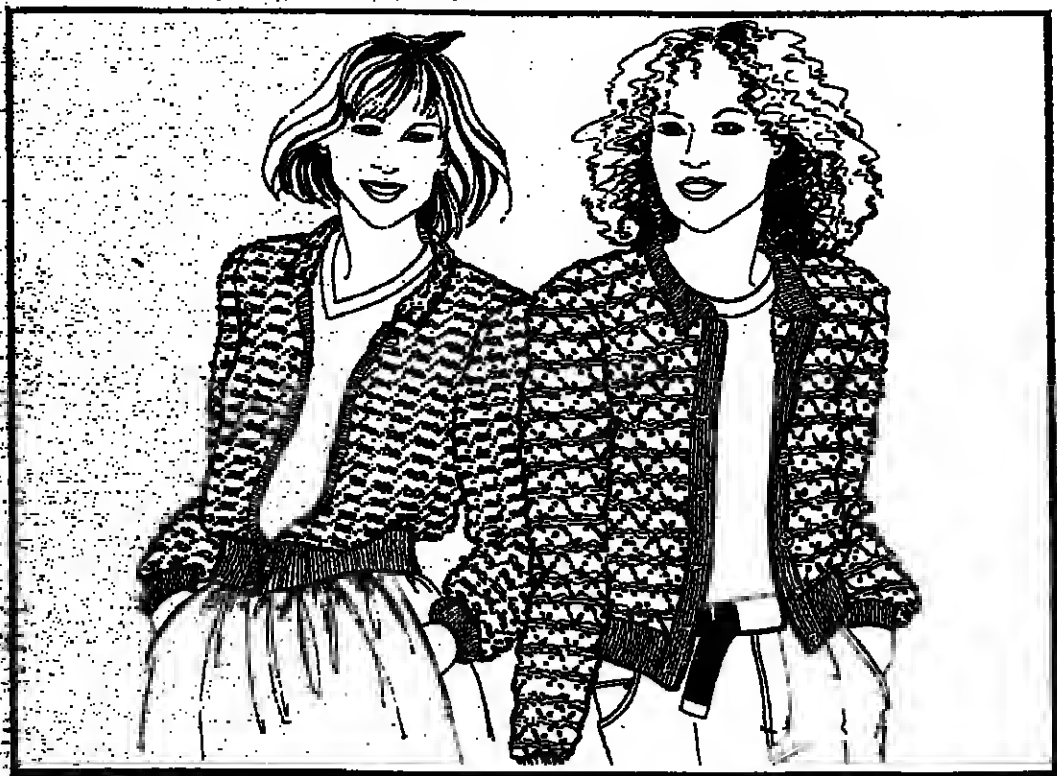
هكذا من الضمير



## HOW TO SPEND IT

هكذا من العجول

by Lucia van der Post



## Cover-up story

THIS SUMMER has seen the complete vindication of the cardigan. No wonder it has become a by-word in international circles as the hallmark of English dressing—if they had our weather they'd be wearing them, too. It is the perfect garment for coping with our constantly changing temperatures. Sling it French-style round your shoulders when it's hot. Put it on when the sun goes in. The knowledge that one has some sort of cover close at hand, enables one to risk a summer dress even when the weather forecast isn't too reliable.

Fortunately the cool, changeable summer has coincided with a rash of utterly charming knitwear—far removed from the shapeless Orion numbers of years ago. However, most of the band-knitted cardigans, those delectable offerings at Edina and Lena and the like, are very expensive. This week, I came across a smallish new boutique at 70 Belsize Lane,

London, NW3, that sells some of the most reasonably-priced hand-knitted garments I've yet seen.

The shop carries a large selection so do try and visit it personally. However for those readers who live out of London and just can't make the journey, Neat, as the boutique is called, offers to try and help match colours, styles and material if readers will ring on 01-435 0025 first.

As you can see from the sketch, above, there are some very delicate lacy patterns, based on the rather nostalgic feeling that has been current for some time. Almost all styles can be made up in either silk or cotton or, from September onwards, in wool.

In silk the cardigans are

available in natural colour only and cost £42. In cotton, the colours offered are white, natural, lilac, pink or sunshine yellow and they cost £22 while the wool ones will cost £27 and will be available in masses of colours.

Besides the cardigans there are lovely old-fashioned bobble twin-sets at £29 for the cardigans and £19 for the jumpers. If you want to buy by mail order you will need to add £1.50 to the prices for postage and packing.

Finally, if you have a design you'd like made up, prowling around the stalls at Covent Garden and you'll find Denise Hanson making one of the small stalls. She makes up very classy sweaters in the style and colour you choose at prices starting at £25—the sort of thing that costs about £90 in the smart boutiques. They are machine-knitted but very well done. She calls her stall Endangered Jumpers so it shouldn't be difficult to find.

## Priory pots

I'M NOT usually attracted to souvenirs but the Benedictine monks who run Prinknash Pottery at Prinknash Abbey, Cranham, Gloucestershire sound such charming people that a visit to the pottery should be on the list of anybody either living in or visiting the area. I have to be frank and say that not all of the things they make are to my personal taste but many people will love them.

There is a small charge (about 20p) for visitors who would like to see the pottery being made and above the workshop is the Abbey shop where pottery of all sorts as well as goblets and bowls commemorating the Queen Mother's 80th birthday can be bought. There are quite elaborate black and white goblets with hand gilded interiors (£8.95 each) and some simple round china bowls with lids, again in black and white with gilded rims (£8.25 each).

For those who do like to collect things like commemorative plates the monks also produce a charming plate illustrated with a panel from the collection of stained glass in York Minster, which was itself originally a Benedictine Monastery. The plate is £12 and like the items commemorating the Queen Mother's birthday, can be bought by mail order, too. Just write to the Abbey for the mail order leaflet.

However, those who can should visit the Abbey itself—the estate usually has about 200,000 visitors a year and besides the pottery, there is the monastery, the church and the grounds of over 250 acres that can be enjoyed. The Abbey is open seven days a week from 9.30 am until 6 pm except for Good Friday and Christmas Day.



## Jam session

THOUGH jams and chutneys can be made all through the summer it is somehow in the autumn that the longing to build up rows and rows of home-made jams, jellies and preserves of all sorts really begins to take hold. With the height of the chutney-making season still to come and blackberries already ripening on the bushes, if you haven't got a preserving pan already you might like to know about the new one just brought out by Le Creuset.

Though not made from the traditional copper—because the vitamin content of the fruit is destroyed if it is in prolonged contact with copper—it is nonetheless extremely attractive to look at, having a lovely mellow finish to it and being of the sort of capacious size that could cope with family-sized quantities. The pan is made of enamelled cast-iron, which not only has no effect on the vitamin content of the fruit but is extremely easy to clean, and the ideal material for conducting heat evenly. It has a thick bottom so that the mixture shouldn't stick even when the heat is turned up high.

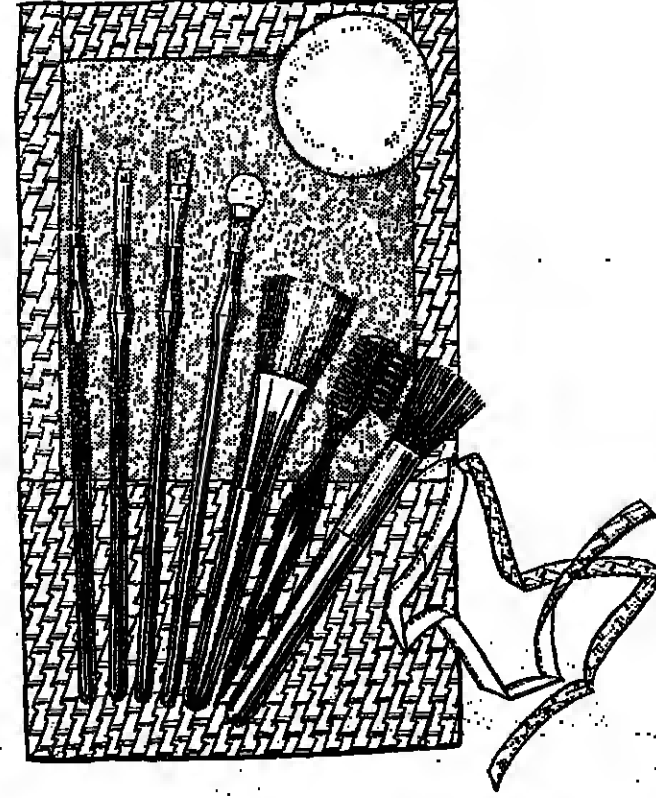
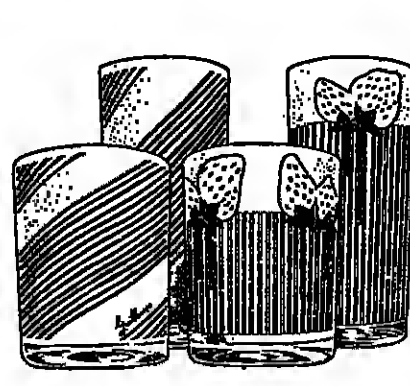
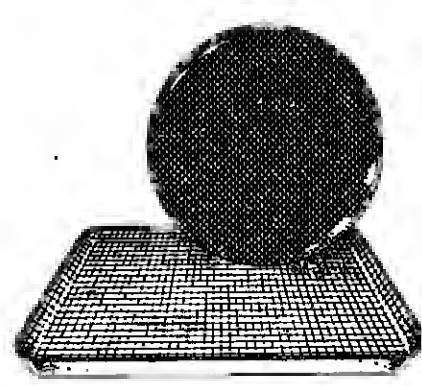
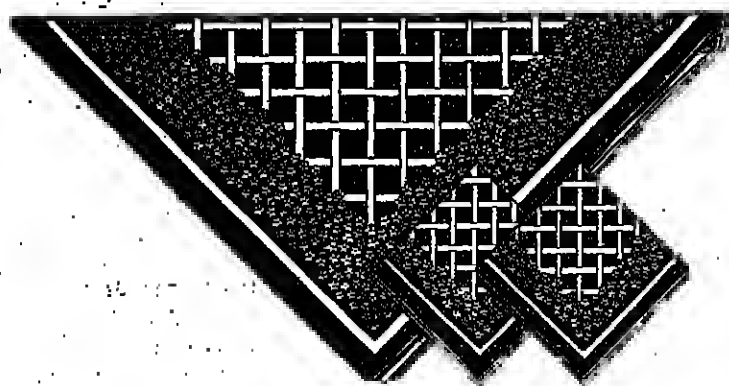
The pan itself is finished in soft beige colour (much nicer to my mind than the bright orange so often associated with



the Le Creuset name) and the writing on the side is in red. The pan holds nine litres (or 16 pints) and is sold complete with a slotted spoon, a wooden spoon and some jam jar labels. £32 from most Le Creuset stockists.

If you are thinking of making preserves, jams or chutneys this autumn Thame Labels, of which I have written before, is still selling its enchanting label designs for £1 per pack. The range of labels is now considerably expanded. All are very delicately and appropriately coloured, the latest label, for herbs/honey being in a soft lilac, green and yellow. The labels for jam, marmalade, (which is photographed above) chutney/pickle and honey/herbs come in packs of 40; while the larger, squarer ones for wine and/or bottled fruit come in packs of 24. £1 covers postage and packing. Write to: Thame Labels, Wellington Street, Thame, Oxfordshire.

## With hopes of an Indian summer in mind...



Drawings by Frank Wheeler

SEPTEMBER and October have so often turned out to be the loveliest months of the year that I feel it is not yet too late to get out the barbecue, indulge in a few thoughts of al fresco evenings or plan the odd picnic out of doors. Here, if you are of equally optimistic frame of mind, are a few suggestions for making entertainment—whether outdoors or in—a little more appealing.

Top left: Peter Knight of Esher and Beaconsfield always has a very good collection of tablecloths. What I like best about this range is that it can be bought either in cotton or coated pvc depending on whether you want to use it for grand evenings or for picnic-type meals. The colour range is limited, being only available in a bright grass green or a chic brown. The tablecloth is 50 ins by 72 ins and costs £9.60 (p + p 95p) in cotton and £13.95 (p + p £1.35) in plastic. The matching napkins are only available in cotton and cost £5.80 (p + p 65p) for a set of six.

Centre: For carrying drinks either inside the house or out Peter Knight has some exceedingly smart trays made from ABS plastic. The colours are all strong ones like red, brown or blue and the motif varies, some

designs very geometric, others more fluid. There is a variety of shapes and sizes but the round one sketched here is £3.30 (p + p £1.50) while the large rectangular one is £4.95 (p + p £1.75).

Top right: Some spectacularly chic and tough plastic tumblers, from Harrods of Knightsbridge, London, SW1. All versions, the green, striped ones and the ones with the strawberry and lemon motifs, come in two sizes. Each tumbler, whether tall or whisky size, is £1.95 and Harrods will post them for 80p extra per beaker.

Below left: Now that cocktails have become so fashionable in certain circles here is a transparent and elegant shaker flask by Perstorp of Sweden. Exceedingly reasonably priced at £1.85, it is available from most Debenhams branches.

Below right: Useful for totting outdoors if the weather is fine or for producing when extra guests turn up—a director's chair with a brown painted tubular steel frame and a beige canvas back and loose cushions, £31.95 from Barkers of Kensington High Street, London W8 (free delivery within 2 miles of the store or £1.75 for parcel post).

Drawing above by Anne Morrow

THOUGHTS of summer are inseparable in this office from thoughts of getting thinner. There can hardly be a diet that somebody here hasn't tried at some time. Low-carbohydrate, high-protein, high fibre, all bananas, the milk diet, the honey diet, with alcohol, without alcohol, you name it and somebody here has tried it. They all work—if you stick to them—but the problem, if you have a lot of weight to lose, is boredom. Changing diets may be the way to keep up enthusiasm and the weight loss and if that is the case, the *Vogue Book of Diets and Exercise* by Barbara Tims is full of alternatives.

Vogue, of course, has long experience of telling its readers how to keep their shape. Ever since 1914 when Vogue, ever keen to keep its readers informed of every fashionable nuance, reported that there was "a perfect rage for being thin," it has been covering every new slimming theory as and when it emerged.

The book gives every reputable diet and precedes it all with the kind of sensible advice that we all know but find so difficult to follow. To make it easier to keep on the straight

## ... and there's still time to get into shape

and narrow it follows up the diets with some delectable sounding recipes that make keeping slim sound like child's play.

If you are the sort of person who can't resist reading about diets (and I have a theory that with some people reading all about it is a substitute for doing anything about it), who every spring starts hopefully on yet another new one, then this book will give you new diets to try for many years to come.

From the take-it-off-fast for a holiday diet, to the long, slow

sensible eating programme for a lifetime's healthy living, this book has it all. Something about the way it is all set out makes it seem not only sensible but delicious, too.

For those who know what they should be eating but can't think of interesting ways of presenting the ingredients, then the section on recipes is to my mind almost the best part of the book. The salads are particularly enticing, giving lots of alternatives to the limp lettuce, soft tomato and beetroot that usually passes for a British salad.

Just to give you some idea of what the recipe section offers here are two puddings, usually the most difficult part of the meal to cope with if any member of the family is trying to slim.

## Orange and grape jelly

serves 4  
Juice of 3 oranges; juice of 1 lemon; 2½ fl oz (70 ml) water; 1 tablespoon honey; 3 teaspoons gelatine; 1½ oz (40 g) black grapes.

Place the juice from the oranges and lemon in a bowl.

Heat the water, stir in the honey and sprinkle the gelatine over the water. When the gelatine has completely dissolved stir into the orange and lemon juice. Cut the grapes in half, remove the pips and cut in half again; add to the mixture. Pour into a serving dish and leave in a cool place to set.

## Pineapple ice-cream

serves 4  
1 large pineapple; 1 pint (1.4 dl) yogurt; artificial sweetener.

Cut the top off the pineapple, leaving about 1 inch (2.5 cm) of the fruit attached to the

leaves to form a lid. Scrape out the pulp from the body of the pineapple without damaging the case. Remove any core. Purée the pulp and mix it with the yogurt and sweetener. Pour into a freezing tray and put into the freezing compartment turned to its coldest. When the mixture is slushy, mash or whisk it to break down the large crystals. Return to the freezing compartment until it is frozen. Spoon it into the pineapple case. Replace the pineapple lid and serve immediately.

\* *Vogue Book of Diets and Exercise* by Barbara Tims is to be published by Allen Lane on September 15. Price £8.95.

## Lots to grouse about

SHOULD YOU be so lucky as to be one of the tiny minority that has more grouse than you really know what to do with, then Viscountess Ingleby has put together a small but charming little booklet full of interesting ways of cooking this most rare of all game birds. This seems like being a good year for grouse (or to be more precise, for the eaters thereof) and even those of us who don't have moors of our own to stride over may find that the occasional brace comes our way.

The recipes in the booklet will appeal to two groups of people—those who have a surfeit of grouse and are looking for unusual ways of dishing up the bird yet again and those for whom they are such a rare treat that they are quite inexperienced as to the best ways of dealing with them.



Lady Ingleby covers not only how long to hang them (she confirms my suspicion that eating them on the magic August 12 is gastronomic lunacy) but how to roast and serve them. Then, for those who can't face another plainly roasted bird she moves onto casseroles, soufflés, pates and the rest of her repertoire.

If you'd like a copy of *Grouse Recipes*, Old and

New, send £1.05 to: The Ingleby Estate Office, Sniesworth, Osmotherley, Northallerton, Yorkshire.

For readers who go striding over moors through the winter months, Rosemary Macindoe knits very special shooting socks which over the last couple of years have proved very popular with F.T. readers. At the moment she has a good supply so anybody who anticipates a chilly winter might like to order now. They are all wool/viscose, cost £15 for those in plain colours, £16 for those with contrasting coloured check tops. If you want to see a pattern in advance send a s.a.e. to Rosemary Macindoe, Flat K, 14, Sloane Court East, London S.W.3. Garters can be bought for £1.50 a pair (plus 20p p and p). Add 50p p and p for the socks.



## Fine fayre in town

CRABTREE & EVELYN'S beautifully packaged, nostalgically evocative products have been increasingly evident in the best department stores, food departments and chemist shops for some years now. Most of us have grown to be particularly fond of some of their unique lines—whether it is their old-fashioned cookies, their honeys and jams or their wonderfully berbed olive oils and vinegars.

However, as the range grows more extensive and most shops cannot stock everything they make, it is nice to know that there is now a shop all their own devoted entirely to Crabtree & Evelyn products. It is to be found at 6 Kensington Church Street, London W8, and is called simply—Crabtree & Evelyn. On the ground floor, which is fitted out with pine units styled rather like tradi-

tional apothecary fittings, there will be the "soaps and toiletries fragrantly perfumed with herbs, flowers and fruits and comestibles produced in the countryside of England and Europe."

Anybody visiting the shop will be struck at once by the packaging which beautifully encapsulates the Crabtree & Evelyn philosophy, offering an image at once natural, nostalgic and yet sophisticated. Look out in particular for the complete range of products based on the Millefleurs fragrance, one of the famous combinations of pure floral extracts that a certain M. Deterlois was said to have devised in the late 1820s. So successful has this particular fragrance proved to be that it is now being used in toilet water, bath soap, talcum powder, foaming bath gel and bath oil. The photograph shows most of the Millefleurs range.

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## PROPERTY

## A land of myth and mystery

BY JUNE FIELD

LEGEND has it that should the end of the world ever come, Cornish chieftains will be seen sitting once again at the great rock called Table Men. The rock, which stands along a footpath from Sennen, the most southerly village in England, was reputedly originally used for a celebration dinner by King Arthur's forces after they slaughtered the Danish invaders. While Looe Pool, in Porthleven, is said to be where the King abandoned his sword Excalibur.

D. H. Lawrence, who spent a year in a remote cottage at Tregarthen, near Zennor, was at first moved to rhapsodise over its qualities, declaring he could feel free in Cornwall because he was somehow in the world as it was in that ficker of pre-Christian days. But the euphoria wore off as he realised the diffi-

culties of penetrating the deep Cornish reserve. Dylan Thomas, the Welsh poet, had pleasanter memories, calling the old Cornish village of Mousehole (pronounced Mou'le) "the loveliest village in England," after he spent his honeymoon there.

There is a thriving nationalist party *Meibon Kernow*, making impressive efforts to spread a knowledge of the old Cornish language, but as Denis Val Baker comments in his delightful new book *The Spirit of Cornwall* (W. H. Allen £5.95), Cornwall does not need to create differences to emphasise its apartness from the rest of England: "It is part solidly and unmistakably... it combines romance and reality, myth and matter, fantasy and fact... a strange kind of timeless land in which past and present and future are all weirdly com-

bined in a welter of images and experiences."

The Cornish have never lived far from the sea, which for many was their main source of livelihood. As *The Penzance and District Holiday Guide*, 25p, (compiled by Fotsia, Ponsbarden, Falmouth), puts it: "Us either 'ad to go to the sea or to the mine—there wad'n nothin' else."

Now many of the sturdy granite (quarried from the rocks of the secluded little cove of Lamorna), and slate cottages of the fishermen and miners are converted to holiday homes, and the old villages derive a great deal of their prosperity from tourists. Penzance, birthplace in 1778 of Sir Humphrey Davy, inventor of the miner's safety lamp, south-west Cornwall's capital town, (its name a corruption of the pure Cornish "pen," meaning head, and

"sans," body, literally Holy Headland), has a standing population of 18,960 which nearly doubles in the peak summer months.

Relatively accessible, BR Penzance is the main line terminus with direct services to London, the Midlands and the North, and the Motorail terminal means you can send your car by train.

Miller reports that most of its branches have almost three times as many properties on the books compared with the same time last year, although the rate of sales has remained much the same. "This over-supply of property has led many people to believe that the market is very slow. However, in reality, property is selling at much the same rate as it did last year," says Mr. Michael Domican. "And a healthy demand still exists for the more up-market properties, especially where

they enjoy income-earning potential, such as a farmhouse with a cottage for holiday letting."

Miller has 17 branches covering Cornwall, including one at Penzance (85, Market Jew Street), and another at The Mansion House, Princes Street, Truro, from where Mr. Domican will send sale particulars. This office was offering a farmhouse and a cottage in 19 acres of productive land with a wooded stream boundary in the Roseland Peninsula (£98,000), and a five-bedroom, two-bathroom period farmhouse for improvement in two acres near Port Isaac, plus a cottage and 2½-acre paddock at £55,000.

A sawmill, originally used as a woodmill back in the 1800s, and now a three-bedroom cottage with two timber-chalets, workshop and study, recently used as a recording studio, was for sale at £58,000, the property is tucked away on a small tidal creek off the river Fowey. As the agent explained: "One of the most pleasant features is its peace and seclusion. It is, in fact, very difficult to get there except by boat or over a



Trehah Manor, Mawman Smith, overlooking the Helford River, in 2½ acres with a hard tennis court, heated pool and a private beach. The grounds are listed by the Forestry Commission as of outstanding interest, and include minnows, palms and bamboo. Knight Frank and Rutley are asking in the region of £250,000 for the six-bedroom, five-bathroom house, two cottages and stabling.

rough track." Even though the 700-strong population of Mousehole can swell to nearly 3,000 in the summer, it is still an enchanted place, more so now as the end of the season approaches. Here many of the old fishermen's houses built around small courtyards have a cellar in which the pilchard catches were salted and stored. (When in 1790 a duty of 6d a pound was imposed on salt, fishermen were allowed to buy it duty-free, a concession sometimes taken advantage of by the fishermen's wives who travelled around the countryside supplementing meagre earnings by offering salt on which no tax had been paid.)

A small, modernised, two-bedroom granite cottage with a slate roof tucked away in Viriano Place, a few yards from the sea front and harbour, was for sale at £22,950, typical of what the Penzance office of Fox

and Sons has on offer. At Newlyn, a mile north along the narrow cliff road, the fishing industry still flourishes, and you can see fish being packed, frozen and loaded into giant freezer lorries at the bustling fish market. A four-bedroom semi-detached granite cottage on St. Peters Hill in the centre of the village, its sitting-room looking over the harbour and Mounts Bay, with a pretty garden with a small stream, was £39,950.

At Sennen Cove, along from the Great Rock, literally a stone's throw from the splendid white sandy beach with its stone pier and lighthouse, a typical end-of-terrace four-bedroom granite cottage was for sale at £28,500, and as one approaches Sennen from the A30, the five-bedroom Sea View House (in need of some updating), in three-quarters of an acre with a small orchard, implement sheds and workshop, was for

sale at £40,000. For appointments to view these properties and similar in St. Just, the tin-town the Methodist brothers Charles and John Wesley came to in 1743, contact Mr. R. C. Whitlock, Fox and Sons, 8, Chapel Street, Penzance (0726 3845).

P. A. Wilkins, 41, Fore Street, St. Just (0736 787071), also covers the West of Cornwall and the Isles of Scilly, which lie some 40 miles off Land's End, accessible by British Airways Helicopter Service 20-minute flight, or the Isle of Scilly Steamship Company's ferries which take about 2½ hours from Penzance. Other agents which cover the Isles of Scilly include Stratton and Holborn, with offices in Truro, Exeter, and St. Austell, as well as one at Marazion, the peaceful village overlooking the great bulk of St. Michael's Mount with its 14th-century castle.



Modernised three-bedroom cottage in a pretty garden at Buryas Bridge, about 2½ miles from Penzance, on the main road to Land's End, for sale at £25,950 freehold. Details Mr. R. C. Whitlock, Fox and Sons, 8, Chapel Street, Penzance, Cornwall.



The five-bedroom, two-bathroom Penare House, Helston, built in 1845, has a greenhouse with peaches and nectarines, plus vines which produced 160 bottles of wine last year. There is also a croquet lawn, orchard, and a private slipway for a dinghy. Hampton and Sons, St. James's, London, SW1, and Kings Lockwood are inviting offers in the region of £170,000.

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**Know your onions**

**GARDENING**  
ARTHUR HELLER

THINGS HAVE been happening these last few years to the onion and it is time to take stock of the effect these changes may have on our garden practice.

The earliest developments were in the quality and reliability of onion sets, those little onion bulbs that can be bought in early spring for planting in March or April as an alternative to sowing onion seed. The advantage of sets is that they are much more reliable than seed which can fail to germinate if the soil is wet and cold, or may germinate so slowly that there is no time for seedlings to make good plants before day length compels them to start making bulbs.

Onions are largely controlled by the length of the day in proportion to the night. They differ somewhat from variety to variety, and this is very important when selecting onions for particular purposes. But take a popular example, *Allies Craig*. This will start to make bulbs when the days are 16 hours long and the night eight hours, which means during the last week in May in the south of England. If the plants are not sturdy by then there is little one can do about it and the crop will be correspondingly light.

Onion sets have already made some growth the previous year, provided they are not planted too early (the first half of April is usually ideal) they start again almost at once and by the end of August they have usually produced an excellent crop.

They are also more resistant to attacks by the onion fly than seedlings and this is a pest that gave me a good deal of trouble until I gave up trying to grow onions from seed and switched to sets with no regrets of any kind.

There was a time when onion sets were unreliable because many of them bolted—they produced flowers and seeds without making any serious attempt to form bulbs. This may have been partly due to the way in which the sets were grown and what was also caused by the use of unsuitable varieties and in those distant days sets were seldom named, and one really did not know what one was buying.

All that was changed by the introduction of named onion sets, at first an excellent Dutch variety *Rijnburger* which makes mild flavoured, globe shaped onions of medium size and keeps well.

Then came other varieties specially bred for the purpose, such as *Stuttgarter Giant*, a flattish very solid onion; *Sturon*, a more globe shaped variety; *Coronado*, which makes a not very large but firm globe-shaped bulb; and *Brunswick Blood Red* with dark red skin and pink tinged flesh.

Some producers also heat-treated their onion sets before the risk of bolting. This does not mean they are baked in any way but simply they are stored at a steady 24 degrees C. during their early embryo growth, which may have started to form or preventing any more from forming.

It made a considerable improvement in the quality and performance of onion sets and it also had the side-effect of encouraging more publicity for

sets which was good for the producer and also good, I think, for the consumer, since it is so much easier to get a good crop of onions from sets than from seed.

However, whether one starts with sets or seeds in spring, the result will always be onions ready for use from about mid-August. With a little luck the firmest, most solid bulbs with the thinnest necks can be kept in a cool dry place until April but neither sets nor spring-sown onions do anything to fill the gap in supply that comes in early summer.

For this it is necessary to sow onions in late August and hope that sufficient seedlings will survive the winter to start extra early the following spring and supply an early crop. Only a few varieties are any use at all, partly because they had to be hardy but also they needed to start bulbing as soon as possible if there was to be anything worth while to harvest in June or July.

The Japanese solved that particular problem by breeding a lot of onions with the right genes for early bulbing and safe overwintering. In quick succession they introduced such excellent varieties as *Express Yellow* (O.X.), *Imai Yellow*, *Senshyu Yellow*, *Kalzuks Extra Early*, *Dragon Eye* and *Tropic Ace*.

None of these varieties is of any use for storing but that does not matter. The spring sown onions of those grown from spring sets will fulfil that purpose.

But though the Japanese overwintering onions are ideal for commercial growers and also for those amateurs who take their vegetable growing seriously, they have snags for the more casual gardener. Onion seed is just as difficult to germinate well in August as it is in April if soil and weather conditions are not right.

Also, for these Japanese varieties, sowing date is critical, confined to a fortnight in late August and if you miss that you may as well give up the idea of growing onions from autumn sown seed.

Now Unwins of Histon claims to have made the necessary breakthrough. The company has spent three years producing a new onion, *Unwin's First Early*. It will produce good sets that can be planted outdoors at any time from September to December, though the earlier in that period the better, provided soil conditions are good.

The little bulbs are just pressed into the soil 10-15 cms apart, precisely as one would plant onion sets in spring and, of course, they need no further thinning. The mature bulbs, which are of semi-globe type and have an attractive golden skin, are ready in July, not quite as early, perhaps, as the first of the Japanese onions but still well ahead of the spring planted crop.

This, I must make plain, is the raiser's claim. They have only just unveiled their creation and no one outside the firm has yet had a chance to try it.

Unwins is quite convinced that it is going to be a success and is distributing a limited supply to stockists. There is not yet enough stock for a mail order trade and anyone wanting to try this interesting new development should look for it in any shop or garden centre which normally stocks Unwins seeds. I shall certainly be giving it a trial myself and I am sure my cold, unkind soil must be good.

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## DIPLOMACY/MOTORING

## Brunei's words in the wind

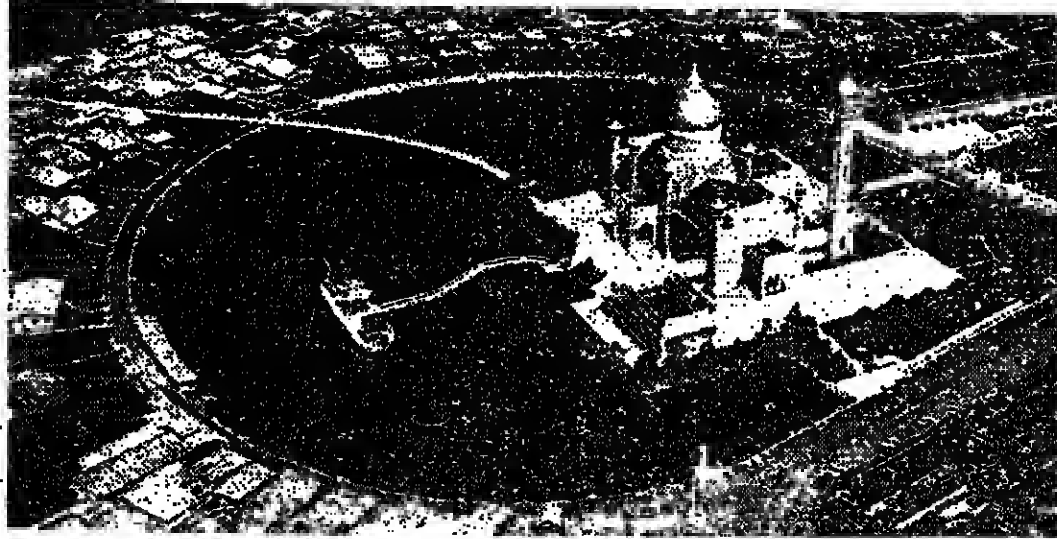
BY KATHRYN DAVIES

DECISION-MAKING in the South East Asian oil state of Brunei emanates only from the very top, in what often seems to be the mysterious ways. The Sultanate's presence in the world is a fact that Brunei has been nominally self-governing since 1959—has not effected any democratisation of the structures of Government. Instead those who wonder what will happen when Britain at last relinquishes its responsibilities for Brunei's defence and external affairs at the end of 1983 have to rely on "Khabar Angin" a Malay expression meaning "the word in the wind".

The 34-year-old, Sandhurst-educated Sultan, Sir Hassanah Bolkiah, rules through a wholly nominated legislative council, which meets once a year and a council of ministers and "the word in the wind" is that Sir Hassanah will make the necessary adjustments in line with his country's new status only at the last moment, if at all.

Political uncertainties are having their effect on the Sultanate's Chinese community. At 50,000 they make up a quarter of the population. Most of them do not have Brunei citizenship and are as a result of other South East Asian countries, officially discriminated against. Brunei Shell Petroleum (BSP), the main provider of the country's wealth, recently lost an entire section of Chinese technicians, all of whom emigrated to Canada.

Although the numbers of



Brunei's Omar Ali Saifuddin Mosque.

emigrants are not large. Canada, the most popular destination, took 280 in 1979 and has taken 260 so far this year, they reflect a general unease that once Britain's restraining influence has finally been withdrawn, the predominantly Moslem, Malay majority will be given additional privileges at the expense of the Chinese minority.

There is also a question mark over the continued role of the British expatriate community, which to many outsiders seems disproportionately large in a country whose domestic affairs are supposedly run by local people. When the Sultan visited Singapore's Prime Minister Lee Kuan Yew, a trusted friend, earlier this year, Mr. Lee is said to have suggested to him that there were too many "white faces" in Brunei who seemed reluctant to speed up the training of their local counterparts.

In practice the number of British residents in official government positions has been steadily diminishing. But long-time expatriates with access to the palace seem to be countering British diplomatic efforts to "liberalise" the regime by advising the Sultan and his family to maintain the status quo.

Brunei relies heavily on British defence expertise. There

are 200 British officers serving with the two battalions of the Royal Brunei Malay Regiment, for both internal and external security. The Sultan would clearly like the 650-strong 10th Princess Mary's Own Gurkha Rifles, for which he already pays the British Government film a year, to remain after independence.

This issue, so far unresolved, remains one of Whitehall's few bargaining counters. The Gurkhas are stationed strategically close to the state's oil and gas fields, some 70 miles from the capital, Baodur Seri Bagawan. Some 18 years ago rebels fighting against moves to take Brunei into the Malaysian Federation briefly captured and held the oilfields, a lesson that has not been forgotten by the ruling family.

Cushioned by his country's oil and gas revenues which have made Brunei one of the wealthiest countries in the world in terms of its size and population, the Sultan and his advisers may finally conclude that they risk more than they gain by conceding even limited popular participation in Government.

However, there is some evidence to suggest that Sir Hassanah is prepared to be more flexible in his approach to external affairs and to integrate

his country more fully into the region as a whole. One suggestion is that he will seek to establish formal ties with the Association of South East Asian Nations (ASEAN), perhaps initially with observer status and ultimately as a full member.

Recently Brunei relations with Malaysia have undergone a considerable improvement. This comes after years of mutual hostility, in which Brunei accused Malaysia of harbouring anti-government rebels and Malaysia angrily rejected Brunei's claim to part of the East Malaysian state of Sarawak.

The Sultan is an enthusiastic polo player and exchange matches with members of the Malaysian Royal family have helped to cement relationships on an informal basis. More importantly, the economic diversification and increasing prosperity of the Malaysian states on Brunei's doorstep, Sabah and Sarawak, have reduced the economic imbalance between the Sultanate and East Malaysia, and therefore the risk, in Brunei eyes, of any future designs on its territorial integrity.

Relations with another ASEAN state, Indonesia, have also improved sufficiently to overcome Brunei's traditional suspicion of its giant neighbour.

## Renault's deliberate mistake

BY STUART MARSHALL

MOTORISTS. Dunlop once worked out, get a puncture roughly every 20,000 miles. That means a lot of owners of Renault's new Fuego coupe—it goes on sale here after the Motor Show—are due for a surprise some time in mid-1982, if not before.

When they get the spare tyre out, they will find it does not match those the car is running on. The explanation will not be that the computer hiccupped and picked the wrong spare. The mistake, in fact, is deliberate.

Whether the Fuego is the least expensive GTL, which comes on low profile 70 series tyres, or the poshest GTX, on ultra-low 65 series radials, the spare will be the same—a narrow 155-13. It will almost certainly be German, made by Continental, one of Europe's largest tyre companies.

Renault have become Europe's first high volume car maker to say they are no longer going to put five identical wheels and tyres on each car.

It has become rather a non-issue. Punctures (especially for motorists who don't run their tyres until illegally bald) are now so infrequent that the spare merely gathers dust.

Many tyre and car makers advise against rotating steel radial tyres because it may disturb the banding and will not necessarily lengthen tyre life.

Continental has developed a special kind of spare for Renault. It is a steel belted radial, 30 per cent lighter and 20 per cent cheaper than a normal one of the same size. Its performance is slightly lower and it does not have the same mileage potential as a conventional kind of tyre, though it is more than enough for occasional use as a spare.

To discourage motorists from keeping it on too long and failing to have their punctured tyre repaired, it jogs their memory by having a tread pattern that runs very noisily.

A similar kind of spare was developed for Volvo by Firestone. It will not be seen in this country because—unlike Renault's Continental tyre—it is a crossply and the law here sensibly maintains that crossplies and radials must never be mixed on the same axle. Other



Audi did not demur when their £12,950 prestige car, the 200 Turbo, was referred to as a "Mercedes eater". Clearly, it is aimed at the same market slot but it is a different kind of car. With a turbo-charged five-cylinder 2.0 litre engine putting out 170 horsepower, a low drag body and a weight nearly half a ton less than a Mercedes 280SE, it is a potent (125 mph maximum, 0-60 mph in about 9 seconds) car.

It handles with an almost nervous responsiveness and corners stably at very high speeds on its 60 series tyres—but there is a twist: feedback through its steering if you are heavy-footed

when accelerating on wet roads. It is exceptionally roomy and a relaxing car to drive on the motorway, even with the electrically-operated sunroof open. A deflector rises automatically, suppressing wind noise and draught so successfully that hair is unruffled and the radio can still be enjoyed.

The turbo-boosted acceleration is a great safety factor when overtaking. A gently driven five-speed manual 200 Turbo can be quite economical—around 23-24 mpg on a journey—but I found the power at a toe-touch too hard to resist. Hence my average of 19-20 mpg in the effortless automatic.

countries are less particular. A second kind of Continental weight saving spare will shortly be introduced by Volkswagen/Audi.

This one is of crossply construction and is as stout as a racing car's tyre, only 35 per cent as high as it is wide. It doesn't look like part of a steam-roller, however, because it goes on a normal diameter wheel.

It is blown up to twice the standard pressure and is said not to affect the car's handling unduly. Although it would run for many thousands of miles, VW/Audi will tell owners not to drive on it for more than 100 km (62 miles) at a time. That is because it would make the differential gears work overtime if used on the driven front wheels, causing excessive wear.

The Continental special spare for VW will be seen on 1981 models in certain markets—especially in the U.S. Used on a light alloy wheel—a simple one, pressed like a saucer lid, not cast like those costly high-performance sports wheels—these even greater weight savings.

In turn, that saves a little more petrol. With American legislation demanding lower and lower fuel consumption, every little weight saving helps. These are not the first weight and space saving spares. For

several years shrunken spares of fairly normal shape have been used in the U.S. to increase boot space. They are said not to make the car handle peculiarly but, without being unkind, the Americans do start off from a lower base in this respect than we do.

There is also a space saving spare that is stored folded flat on the wheel and has to be inflated with a gas bottle or air compressor. Porsche use it on some models. Michelin make an ultra-skinny but normal diameter radial that Ferrari give Boxer Berlinetta owners because there just isn't room for a proper sized wheel and tyre as a spare.

This is all very well providing the boot is empty or there are spare seats in the car when you get a puncture. Otherwise, what on earth do you do with the flat tyre?

It is too big to go in the storage space provided and you can hardly ask one of the passengers to hold it on their lap. Where does all this leave the runflat Denovo which Dunlop believed would have ushered in the era of the four-wheeled car long since? Sadly, it has not caught on. A small percentage of BL's Minis, Princesses and Rovers have Denovo, but the tyre industry generally thinks Dunlop's pioneering has led them up a blind alley.

It seems that Europe's car-makers will take to the smaller and/or lighter spare for the next few years as a stop-gap. They are keen to sell four-wheeled, not five-wheeled, cars, but two things have to happen first. The customer must be persuaded that he can safely give up his spare, even on long journeys; and a foolproof loss-of-pressure device must be produced.

Continental has a clever run-flat system—a tyre within a tyre that, unlike Denovo, fits a normal wheel and could even be used with any make of tyre. The inner tyre fits loosely over the rim, but when inflated to 40 lbs psi, it shrinks tightly on to the wheel centre. It keeps the main tyre firmly in place should it deflate and supports the car's weight so that it can be driven almost normally.

Too normally, in fact, because the driver is not aware the main tyre has deflated and so presses on regardless along the autobahn. No runflat tyre envisaged, let alone manufactured, could possibly withstand speeds of 100 mph and more.

So the German car-makers have told their tyre industry they will think about marketing cars with four runflat tyres when a cheap, dead reliable deflation detector has been evolved—and not a moment before.

## BRIDGE

E. P. C. COTTER

THE hypnotic influence of the finesse is extraordinary. It lures, reasonably sane declarers away from the straight and narrow path. Here is a hand from a rubber bridge, which illustrates what I mean:

N  
A Q  
K Q 9 6 3  
Q 8 2  
J 6 3  
W E  
10 8 7 4 2 K J 9 8  
7 6 5 4 3 2 A K 10  
10 5 3 J 9 7 4  
K 10 8 2 A 7 5  
S  
6 5  
A J 10 5 2  
A K 8  
Q 9 4

With East-West vulnerable South dealt and bid one heart, and North's raise to four hearts concluded the auction. West led the four of spades, and almost without thought the declarer played dummy's Queen. East won with the King and returned the three to the Ace. Trumps were drawn in two rounds, and

then declarer cashed the three diamond honours, finishing in his own hand. He led the four of clubs to the Knave on the table. East won with the Ace and returned the seven. South finessed the nine, but West took with the 10, and cashed the King for the setting trick. South murmured something about ball luck in finding two finesses wrong, but making this contract did not depend upon luck.

Let us start again. Before playing a card we count up our tricks—nine on top. The only possibility of going down is to lose one spade and three clubs. Closer inspection shows us that if we can force the opponents to open up the club suit, we must make one trick in the suit. Then the scales fall from our eyes. If it is a standard elimination and throw-in position. We win trick one with the Ace of spades, draw the trumps and cash the three diamonds as before. Now we lead a spade to dummy's Queen, and it is of supreme importance to us which defender obtains the lead. Whoever it is, he will have either to give a ruff and a discard by a spade or diamond return, or lead a club and so establish a trick for us in that suit. If dummy's spades had been Ace, small instead of Ace, Queen, I am sure the original declarer would have seen the proper line of play. My next hand is of pre-war

vintage. I may not have all the right cards, but the important details are there:

N  
A 10 7 6 2  
Q 4  
8 3  
A Q 10 5 2  
W E  
8 3  
K Q J 10 8 7 9 7 6  
K J 10 7 6 Q 9 4 2  
6 J K J 8 7 3  
S  
K Q J 9 5 4  
A 5 3  
A 5  
9 4

With both sides vulnerable, South hid one spade. West overcalled with two hearts, and North raised to four spades. Feeling that he was worth another bid, South said four no trumps, and said six spades after his partner's response of five hearts.

West led the heart King—a diamond lead defeats the contract—and declarer won. His only problem was to avoid the loss of a club or a diamond. Placing West with the club King, because of his overall South drew trumps, then finessed the club Queen. East won and returned the diamond two. South won, and led another trump, the cruel split was discovered, and the contract was defeated by one trick. Once again the finesse is the

wrong play. After taking the opening lead and drawing trumps, declarer should cash the club Ace, return to hand with a trump, and lead the nine of clubs. With the actual lie of the cards, East wins with his Knave, but now declarer has a ruffing finesse against the King, and can set up the 10 for a diamond discard.

Place the opposing clubs in any way you like—you will find this a rewarding study—this method guarantees the slam.

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## CHESS

LEONARD BARDEN

Tony Miles's success at the Phillips and Drew Kings a few months ago has inspired the British No. 1 to his best run in international competition since his vintage year of 1977. Immediately before his victory at County Hall Miles was second at Lone Pine where he brilliantly defeated U.S.S.R. champion Geller in the final round (this column, April 26). Since the Phillips and Drew his record reads: shared first at Las Palmas with Petrosian and Geller; shared first in the World Open in Philadelphia; and shared first with Ljubojevic (Yugoslavia) in last month's quadrangular at Puerto Madrin, Argentina, and first at Gausdal, Norway.

Miles's confidence and stature at the highest levels of world tournaments should be reflected in the next FIDE international rankings to be published in January. His current results would give him a rating of at least 2630 or 254 translated to British grading. That would probably be worth a place in the world top six, the highest level achieved by a British player since Blackburne was briefly No. 2 to Steinitz in 1881. The FIDE world rating year finishes at end-October and on his present magnificent form Miles may yet go a place or two higher, with every chance of succeeding the ageing Korchnoi as the top man outside Eastern Europe.

Particularly important for Miles's final 1980 standing will be his result in the Buenos Aires Clarin tournament in October. For this would be his first chance to take on Karpov since his dramatic 1 P-K4, P-QR3 twice over the world champion at Skara in January. Now there are persistent rumours of the international circuit that Karpov considers 1...P-QR3 an insult and has objected to Miles's entry to Buenos Aires. His

refusal to meet Korchnoi outside the official world title series is already well known. Time will tell whether there is anything in the hoary old rumour: but even the existence of such a story reflects Miles's growing credibility as a contender for Karpov's championship.

The authority which Miles now displays even against strong grandmasters is shown by this fine win from Puerto Madrin which also illustrates a currently popular opening system. White: Tony Miles (England). Black: Oscar Panno (Argentina).

Opening: Queen's Indian (Puerto Madrin 1980).

1 P-Q4, N-KB3; 2 P-QB4, P-K3; 3 N-KB3, P-QN3; 4 P-QR3, B-N2; 5 N-B3, P-Q4; 6 P-P, P-P; 7 B-B4, B-Q3; 8 B-N3, P-QR3. White's development system was introduced by Portisch at Montreal 1979 and aims to restrict Black's Q-side pawns. A critical and untidy answer is 1...d4 for freedom by an immediate 8...P-B4.

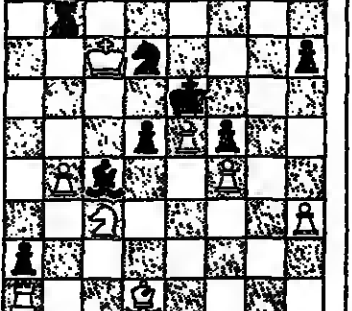
9 P-K3, 0-0; 10 R-B1, R-K1 (now if P-B4; 11 P-P, P-P; 12 N-QR4 and the pawns are weak); 11 B-Q3, Q-K2; 12 P-N4, QN-Q2; 13 Q-N3, P-B3.

An ugly move to have to make, blocking the QB, but if 13...QR-N1 intending P-B4 then 14 Bx8, Qx8; 15 P-N5 puts the QB permanently backward. 14 0-0, P-QR4; 15 B-B5, P-P; 16 Bx8, Qx8; 17 P-P, R-R2; 18 R-R1, R1-1; 19 R-R2, R-R2; 20 P-K4! Switching at the right moment from positional play into tactical attack. 20...P-P; 21 N-KN5, Q-K2; 22 Nx8P! N-Q4 (QxN? 23 B-K6); 23 NxN, PxN (QxN? 24 N-B6 ch!); 24 BxN, Qx8? (QxN is better, though White still has the edge with his superior bishop); 25 N-K5, Q-Q3; 26 P-B3, B-B1 (after P-P; 27 Qx8P, B-R1 comes the elegant 28 N-B7, Q-K3; 29 N-N5, Q-Q3; 30 N-K6!); 27 P-P, B-K3; 28 R-QB1, P-B5 (not P-P? 29 R-B8 ch); 29 R-B6, R-R8 ch; 30 K-B2, Q-K2; 31 N-B3, B-B2; 32 P-K5, Q-R2; 33 R-B8 ch, K-R2; 34 N-N5 ch! Miles finishes this true master game with a dashing king hunt. If 34...PxN; 35 Q-R3 ch, K-N3;

36 Q-Q3 ch forces mate. 34 K-N3; 35 R-B6 ch, K-N3; 36 Q-N3 ch, K-B4; 37 Q-B3 ch, K-N4; 38 K-N3 and Black split. White's fun by overstepping the time limit. The natural finish is 38...R-R6; 39 P-R4 mate.

## POSITION No. 335

BLACK (8 men)

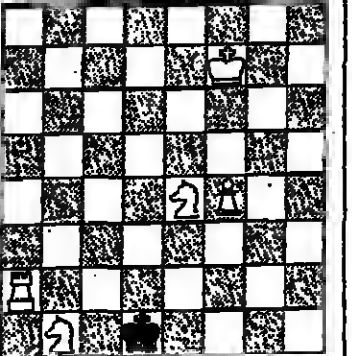


## WHITE (8 men)

Burn V. Tehigorin, Ostend 1905. Black (to move) has a passed pawn on the seventh attacked by two white pieces, while the white king has marched into the black camp. An obscure position, which Tehigorin, who played two matches for the world title, decided to solve by 1...R-P, eventually losing. Had he anything better?

## PROBLEM No. 335

BLACK (4 men)



White mates in five moves, against any defence (by W. Paul). At first glance this is like the end of a beginner's game with the black king trapped on white edge of the board, but it takes a surprising key-move to force mate in five.

Solutions, Page 14

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## BOOKS

## Uncle Dickie

BY ANTHONY CURTIS

**Mountbatten: Hero of Our Time** by Richard Hough. Weidenfeld and Nicolson. £8.50, 290 pages.

**Fifty Years with Mountbatten** by Charles Smith, Sidgwick and Jackson. £5.95, 176 pages.

"I always refused to authorise any biography during my lifetime and I certainly never intended to write any memoir myself," wrote Earl Mountbatten of Burma in a Foreword to *Mountbatten: Eight Years in Pictures*, a picture-book compiled from his own albums with an anonymous text (written, one gathers, by his private secretary) published last year. He added that, "in 1967 I did agree in the television series about my life and times, and much of the personal film I had collected over the years was used." Mountbatten was a dedicated enthusiast of home movies and had a rich archive of this kind. It led to an illustrated book, *The Life and Times of Lord Mountbatten* by John Terraine in 1968, based on the television series.

Then in 1974 there appeared a book about Lord Mountbatten's parents, *Louis and Victoria* by Richard Hough, written at the invitation of Lord Mountbatten whom Mr. Hough had met in 1971. Naturally Mr. Hough hoped that he would be able to follow this book, which was appreciatively reviewed, with one about Lord Mountbatten himself, and receive the full co-operation of the subject. But this idea was always rejected by Lord Mountbatten with the reply that he "did not wish any biography to be written, or any official biographer to be nominated until after his death."

Since Lord Mountbatten's murder by the Provisional IRA, the official biographer has been nominated and it is not Mr. Hough. The writer will be Philip Ziegler, author of a number of substantial biographies, William IV, Lord Melbourne and kindred subjects, and currently at work on a biography of Lady Diana Cooper. While

Mr. Ziegler is immersed in Lady Diana's life he obviously cannot start on Mountbatten's. In the meantime Mr. Hough has produced an "informal" (his word) biography, timed to appear for the anniversary of the outrage in the harbour of Cossiga.

It is a quiet, well-mannered, well-informed book which I can recommend to anyone who wishes to see the life of Lord Mountbatten in a straightforward chronological perspective, and is impatient for the appearance of the official biography. Mr. Hough has a great admiration for the man about whom he is writing but he is no mere idolater. He has two attributes that are essential for any portraitist of Mountbatten. He is a shrewd judge of men and has a fascination with the intricate inter-fighting that occurs at the top of the naval hierarchy. Mr. Hough is illuminating about Mountbatten's naval career from his days as a humble signals officer at Greenwich, where he came to his year, to his elevation as First Sea Lord by Churchill in 1935. The appointment avenged in his mind the dismissal from the same post by the same statesman of his father Prince Louis of Battenberg in 1914. A much younger Churchill had surrendered to a wave of anti-German feeling aroused by the family name which was then altered to Mountbatten. In spite of the more remarkable for the speed at which it must have been written, its approach proves in the end to be inadequate to the magnitude of its subject. Mountbatten was a man of destiny. To write about him satisfactorily you are committed to writing a history of Britain's changing role in the twentieth century.

True, he did have an attractively informal side to his personality which emerged when he was chatting to a subordinate or playing with a grandchild, but he was a man to whom the formalities of power and influence were second nature. He was most himself when donning a uniform involved in some enterprise of great pith and

moment. His finest hour was perhaps in 1940 in the North Sea when he was in command of the HMS Kelly which suffered a punishing attack by the Germans from both air and sea, going down with the loss of half her officers and crew. Mountbatten's great friend Noël Coward dramatised the sinking in his film *In Which We Serve*. Here with all the inevitable sentimentality of a wartime morale-raising movie is handed down to us but one example of Mountbatten's career coinciding with a stirring moment in the history of this country.

Apart from the acknowledged world leaders, no one was ever more implicated in the history of his time than Mountbatten. It was history that was responsible for the humiliating dismissal of his father by Churchill, history that brought about the assassination of his Russian cousin, the children of the Tsar, history that estranged him from his great friend and cousin the Duke of Windsor, history that presented him with the greatest challenge of his career as the last Viceroy of India, and history that was finally responsible for his own brutal murder and that of his grandson. The full, formal biography will draw on private documents, letters and memoranda which will disclose the pressures under which Mountbatten was working during these climaxes of contemporary history, and in so doing disclose, one hopes, his own complex motivation.

Mr. Hough has not had access to this material but has relied on his own considerable knowledge of the period and his hunches which often seem highly plausible. He paints a portrait of an individual whose royal lineage (Mountbatten was a great grandson of Queen Victoria) was a mixed blessing in that it provided him with a curious sense of apartness from ordinary mortals on which he had to expend a certain amount of nervous energy to overcome. His marriage to one of the richest women in England (Edwina Ashley was a grand-



Lord and Lady Mountbatten seen here on the day after his appointment as Viceroy and Governor-General of India in February, 1947.

daughter of Sir Ernest Cassel, the banker) did not bring him any closer to the common man. Instead it provided him with splendid style of life, a London residence at Brook House, Park Lane, and on the death of Edwina's father, Broadlands in Hampshire, now open to the public. His affluence was apparent when he was serving as Wireless Officer with the Fleet in Malta and the Mountbattens' parties outstripped those of the commanding officer—not a tactful gesture, as Mr. Hough points out.

As the 1930s wore grimly on the millionaire playboy image was shed, and that of the able and over-ambitious officer destined for the highest responsibilities took over. His training in Signals gave him a life-long interest in communications and in technology. He was a great believer in telling people what was happening. He left

his men in no uncertainty when he discovered they had made a mistake; equally he was not afraid to praise. His path was strewn with endearing messages indicating his appreciation or approval of work well done. This heightened sense of the importance of communication paid off handsomely when he was in charge of Combined Operations and at South East Asia Command.

It was also much to be seen in his relations with his own servants as emerges from *Fifty Years with Mountbatten* by Charles Smith, his valet and butler. This book contains several facsimile reproductions of such messages, some of them typewritten but others in the Earl's own hand. "No man is a hero to his valet," said Mme. Cornuel, but she did not have the pleasure of knowing Mr. Smith, who seems to have had a corking time working for the Mountbattens.

On one occasion when the Prince of Wales (there is a facsimile letter from him also in the book) came to stay with his Uncle Dickie, the Earl's room. Both the Prince and the butler appeared together on the threshold. "Which of us," said the former, grinning, "do you think he wants?" As both books reveal, Mountbatten learnt how to communicate at many different levels.

This, too, was Mr. Davies' intention. Indeed, in order to stimulate our poetic glands, he has placed an appropriate poem at the end of each chapter. Although in one way this is a good idea—no one could turn down the opportunity to read "Surprised by Joy" when finding it appearing so conveniently on the page—it does have the disadvantage of showing how little the poet has come through on Mr. Davies' pages. This is not as severe a criticism as it sounds. Mr. Davies may even be aware of it himself. He has produced the information. It is up to us to find the spark.

## Fiction

## King and shaman

BY ISABEL QUIGLY

**He Who Plays the King** by Mary Hocking. Chatto and Windus. £5.50. 232 pages.

**One Deadly Summer**

by Sebastian Japrisot, translated by Alan Sheridan. Secker and Warburg. £3.95. 279 pages.

**Spirit Wrestler**

by James Houston. Collins. £5.50. 307 pages.

The Plantagenets were a fascinating lot. Greeks to the Tudors, Romans who, martial and efficient, came after them. Mary Hocking's first historical novel, which deals with them at the end of their years of power, has the qualities of her modern fiction—quiet competence, a good grasp of character, a neat turn of phrase and an eye for the telling scene, the right dramatic moment. *He Who Plays the King* is a variation on the theme of the three final brothers, handsome, womanising Edward, Lord George who loves his own voice and others' attention, and Richard, not much backed or spiced as rumour has had it, but slight and unimposing; and out the murderer of his brother in a butt of Malmsey or of his nephews in the Tower.

In the wings lurks the new power and cunning of Henry Tydder, chrysalis of the more romantically named Tudor and characters like Morton, soon to become so important to him and to the blackening of Plantagenet names, are mixed with underlings of all sorts—Lollards burning at the stake, wanderers on the make, moving from master to master, high-born girls who are pawns in the marriage game.

The restless brutality of the time is understated rather than dramatised, which makes it in a way seem credible and close,

in another way almost shockingly casual: death and pain so sudden and unremarked, violence so pervasive, retribution so quick and terrible. This is a highly intelligent novel, its tone so quiet it takes time to take in this intelligence, and the summing-up finish at Bosworth, when "the last sprig of broom had wrenched free of rooted earth"—the *planta gramestra* that spells Plantagenet—is beautifully handled, thought mingled with action, retrospection, ideas with a tingling present.

History then is seen as "a pattern of brilliant fragments," whereas "the glorious inconsistency of the living," which the novel celebrates—that is something very different. Historical fiction must always redress balances and revise opinions, as this one does when it recreates the muddled turbulence of the late 15th century, when the known world was about to explode out of medievalism into an age and outlook more familiar to us now.

*One Deadly Summer* is a French thriller, original in that it had no detective or even central character, but leans heavily on a sense of place and of community. A village in Provence, with its locals, half peasant, half children of television and fast cars; a German woman known there as Eva Braun, and her beautiful daughter who dazzles and disturbs everyone from schoolmistress to garage owner; old crimes, old violence, mixed with modern terrors and new violence; a fast, slangy style, vivid and on the whole effective but not (I feel) too well translated (too many obvious French idioms hanging around). M. Japrisot has been much praised in France and compared with

Simenon but that's putting him too high, I think he lacks the weight, the cynical wise eye. The plot is complex and ingenious and at times makes hard work for the reader.

*Spirit Wrestler* is a story about Eskimo life, part realistic, part ghostly, based on haunting events in West Baffin Island 30 years ago, and involving the author when he was there as Civil Administrator. He spent 12 years among the Eskimos of the Canadian Arctic, has been active in the development and publishing of Eskimo art and is himself a graphic artist, sculptor and designer in glass: a broadly based background of the arts and practical affairs, in fact.

His story mixes the real and the eerie, fact and Eskimo folklore, in the world of a dying man brought in to the Civil Administrator by his fellow Eskimos reluctant to have anything to do with him. He is a shaman, healer, magic-maker, who tells the Administrator his story and, in the strangest way, at last dies in the telling (or the mystery is unsolved—before it).

Interwoven with his life is that of a white man who vanishes at the end, as we are told in a final note, a mysterious white man vanished on West Baffin Island, never to reappear, 30 years back. The cultural differences between them and us make the narrative—the shaman's, anyway—demanding, and not always credible. In strictly realistic terms, but there is plenty to interest and sometimes to move one in the tale of barbarism and primitivism, beauty, and skills almost unimaginable, and relationships based on criteria very different from ours.

## Crime BY WILLIAM WEAVER

**Murder for Treasure** by David Williams. Collins. £5.25. 212 pages.

Mr. Williams has been compared to the American Emma Lathen, and they do have several things in common: they both write extremely tasteful prose, and they both have a banker as their amateur sleuth-protagonist. But there the resemblance ends. Miss Lathen's John Thatcher is endearing because he is, at least,

superficially, a traditional, rather stuffy bank officer, the classic man in the grey suit. Mr. Williams' Mark Treasure is anything but stuffy; he has a wide range of interests, a ready wit, and an insouciant actress wife (alas too busy to join her husband on this crime-packed weekend in West Wales). If anything, Mr. Williams might be considered a British answer to Donald Westlake, thanks to this preposterous, cockeyed sense of humour.

There are no gratuitous wisecracks, but a fluent stream of amusing aperçus. And the West Wales village that is the setting for most of this story offers the author a splendid samples-case of eccentricities. Williams is able to assemble a highly complex plot, without having then, at the end, to dismantle it in long-winded explanations. The characters are comic, but not inhuman or incredible. Williams' best so far.

## Happy lake poet

BY RACHEL BILLINGTON

**William Wordsworth** by Hunter Davies. Weidenfeld and Nicolson. £8.95. 367 pages.

Hunter Davies talks of his "cheek and effrontery" in writing a single volume general biography of Wordsworth. He has a point.

William Wordsworth, born in 1770, lived until he was eighty. He had three brothers and one (famous) sister. He had one illegitimate daughter before marriage, followed by one wife and five children, two of whom died young. He lived mostly in the Lake District but also spent time in France during the revolution and later travelled through other parts of Europe. His politics changed in the course of his life from the extreme left to the extreme right. His closest friends included Coleridge, Southey, De Quincey and Walter Scott all of whom he outlived. (He did not admire Byron or Keats whose life was a third the length of

his, though that presumably wasn't the reason for his lack of admiration.) He wrote 70,000 lines of verse and, although at the time of publication most of it received scathing reviews, by the time of his death he was more famous than any other English poet.

Hunter Davies points out that the weight of so much material has created a proliferation of academic works and/or works limited to one aspect of Wordsworth's life or writing but nothing that could help a reader with a less specialised interest. His own enthusiasm was kindled by owning a cottage in the Lake District. Now he wants to encourage others. However he seems to suffer from a terror of what the scholars might say which unfortunately affects his book with a kind of "us and them" approach. "Us" being the common man, educated but not expert—though our views are as good as the next man.

This is tiresome, spoils the style of writing and is, more

over, unnecessary. *Courage* Mr. Davies. As far as this educated (BA, English) but common reader is concerned, you have read your material conscientiously, analysed it intelligently and formed it all into a coherent and readable shape.

Besides, there is a definite value in seeing Annette, the French mistress and mother of Wordsworth's illegitimate daughter, in the same stream of events as Dorothy, the beloved sister. And then Dorothy besides Mary, the wife of 48 years. In this relationship, Mr. Davies does claim original work. His readings of the newly discovered letters from Mary Wordsworth to her husband leads him to conclude that a passionate love affair developed between husband and wife after her 10 child-bearing years. This is in the "hunch" category, but will appeal to anyone who has ever wondered how women combined passionate love with constant pregnancy.

The narrative of the life,

ratting on with quotations chosen most often for descriptive value, makes excellent if, towards the end, slightly indigestible reading. Deaths of the old and new lives of the young crowd around the poet with an almost overwhelming effect. However, there it all is, to be returned to and perhaps used as reference when reading the poetry.

This, too, was Mr. Davies' intention. Indeed, in order to stimulate our poetic glands, he has placed an appropriate poem at the end of each chapter. Although in one way this is a good idea—no one could turn down the opportunity to read "Surprised by Joy" when finding it appearing so conveniently on the page—it does have the disadvantage of showing how little the poet has come through on Mr. Davies' pages. This is not as severe a criticism as it sounds. Mr. Davies may even be aware of it himself. He has produced the information. It is up to us to find the spark.

## Archbishop's son

BY PETER KEATING

**On the Edge of Paradise, A.C. Benson: Diarist** by David Newsome. John Murray. £17.50. 406 pages.

The title of this book is taken from a diary entry made by A.C. Benson in July, 1910: "It is so strange to be always, as I seem to be, on the edge of Paradise and never quite finding the way in." There is nothing particularly unusual about such a thought or the slightly self-pitying confessional tone: both are no doubt to be found in thousands of private diaries. They take on an air of significance only when the type of personal loneliness they indicate is dramatically at odds with an outward life that appears to be one of ease, success, or achievement. This was the case with Benson.

His father was Archbishop of Canterbury, and this alone, in the social world of late Victorian England, would have ensured that some kind of success was not difficult to achieve: education at Eton and Cambridge turned that probability into a certainty. Benson went back to Eton as a teacher, became a housemaster, and had the satisfaction of turning down the chance of obtaining the headmastership. The post was

attractive enough, both socially and financially, but Benson was tired of the drudgery of teaching and accepted instead a commission to edit Queen Victoria's letters: he was assured that his share of royalties would be "well in excess of £5,000." A fellowship at Magdalene College, Cambridge, came to him in 1900 and at Magdalene he stayed for the rest of his life, becoming Master of the college in 1915.

All of this Benson achieved without any real scholarly ability, and his small talent as a writer did not prevent him, in that area as well, attaining considerable fame. He wrote verses effortlessly, and believing as he did that no poem was ever improved by revision, he was perfectly happy to devote his poetic facility to public service: he composed odes to mark school and Royal occasions and, most famously, the words of "Land of Hope and Glory." When his father died Benson wrote the official life which every eminent Victorian expected as his posthumous due. But Benson found his true strength as a writer (together with wealth and popularity) in the volumes of quiet reflective essays like *The Upton Letters* and *From a College Window*, which were so distinctive a part of the Edwardian literary scene.

"How strange it is," Benson mused, "that I should have captured, quite unintentionally, a second-rate and uncultivated public." It was not, of course, strange at all.

In *On the Edge of Paradise* David Newsome is concerned mainly to reveal yet another of Benson's many talents. For most of his life Benson kept a diary, in it he recorded his day-by-day impressions of Eton and Cambridge as well as his innermost thoughts. When he died in 1925 he left the diary—amounting to 180 volumes of 4m words—to Magdalene, with instructions that it was to be locked away for 50 years. His wishes weren't followed entirely: Percy Lubbock, who certainly wasn't going to wait for half a century to see what Benson had written about him, published a selection in 1927. But Mr. Newsome's book is first which draws substantially on the diary.

It is rather sad to report that in all those volumes and words there are no truly scandalous revelations, and as Benson was a writer of little importance in modern literature, the minute analysis of his own personality never expands into any kind of larger significance. He was, however, skilled at the brief character sketch, and frequently brings vividly to life men like

Edmund Gosse, crawling before anyone with a title; Oscar Browning, boring everyone with interminable monologues about his own decadence; and the young Hugh Walpole, flamboyantly spreading his homosexuality around the literary world. There are also some memorable scenes drawn from high society—Benson being presented to Queen Victoria, having dinner with Gladstone, and visiting country houses.

But the greater part of Benson's diary was taken up with his longing to establish a lasting, loving relationship. That would have meant getting into Paradise, but it was something he never achieved, and failure in this respect led him into periodic fits of terrible depression. True to one side of the Eton and Cambridge image, he speaks much of his time gazing adoringly at boys, carefully recalling their looks, recording who had "fallen in love" with whom, and wallowing in self-pity and envy. Not apparently, actively homosexual, he liked to see himself in the role of Ariel, "a somewhat ponderous Ariel, no doubt," as Mr. Newsome admits. A fascinating book, perhaps, for those who once were or still are part of the world it evokes, but for those on the outside it is more likely to seem pathetic.

derision at her abandonment of dungeons for a suit and stockings. Perhaps in some ways, too, she is a unashamedly romantic as the 21 year old bride for whom she felt a "sinking heart" as she gazed at her wedding photographs: her view of an egalitarian marriage is one where the burden of children and housework should fall more equally between husband and wife, or as she would prefer to describe them "a man and woman living together under contract."

KATE MORRISON

## Feminists in a spin

**The Guilt Cage—Housewives and a Decade of Liberation** by Suzanne Lowry. Elm Tree Books. £5.95. 226 pages.

The cover of this book shows a fey-looking woman contemplating her reflection in a washing-machine. Does her world really spin so dry? What does the term "housewife" really mean? If we are to share the views of those strident feminists, Erin Pizzey and Selma James, it is a term not mentioned in polite society. It

implies secondary status which no self-respecting woman would write on her passport.

The first part of the book contains many extracts from various papers and reports. Beneath a foliage of jargon one finds that housewives have been ruthlessly categorised as an image of a lonely idiot shuffling her way around the supermarket with "undisputed spending-power" but with no "income-generating power." The washing-machine may be hard but it is not hers because she did not buy it.

The answer as Selma James

sees it is wages for housework. One wonders what this would do to the national economy and would it not moreover confirm "housewives" in their role as domestic drudge? By their own condemnation of their sex some feminists hinder their cause. On the whole, Ms Lowry has compiled an objective account of the outlook of a woman's changing role in the light of increasing feminist attitudes. But, even she brings up the trivial, sartorial aspect of a mother returning to work. That the woman could make this choice is secondary in Ms Lowry's eyes to her

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## GOLF

With five days remaining before the European Open Championships begin at Tadworth in Surrey, Ben Wright, Golf Correspondent, describes the state of the game and assesses its prospects for the future.

## Victim of recession at the crossroads

WHERE DOES golf go from here? After the biggest boom enjoyed by the Royal and Ancient game during the past 30 years, golf stands at the crossroads, a major victim of recession and inflation. For instance several country clubs in the New York area, and thousands more throughout the length and breadth of the continental United States and elsewhere, are in deep financial trouble.

Since America usually sets the fashion for the rest of the golfing world there may be hard times ahead, in that the inevitable boom in the still virtually untapped European market will probably be indefinitely postponed, or at least drastically slowed down.

The rising costs of labour and fuel are the most significant factors in creating the problems that are felt in every department of what has become a vast, worldwide industry. The weakness of the dollar against the strength of the major European currencies has caused a dramatic decline in the British, Irish and European golfing tourism markets and a corresponding miniature boom in the American resort areas in such sun-blessed states as Florida.

High bank interest rates that

have caused a virtual disappearance of vast sums of capital for the development of new courses in the United States have also influenced the game's major architects to turn their attention to Europe and beyond, and even spawned another mini-boom in alterations—euphemistically labelled as improvements—to existing great courses adjudged to have been outdistanced by the sophistication of modern equipment.

The manufacturers of this equipment have also been very hard hit by inflation and the recession that has made the industry increasingly competitive and the competition increasingly cut-throat in its nature. As profit margins have shrunk dramatically, advertising in the glossy magazines of the variegated types of golfing equipment has become as viciously critical of the opposition as it is blindingly technical in content.

Encouragement of youthful talent is as brilliantly organised in America as it is in Europe, and biphazard in Britain and Europe despite the earnest efforts of the Golf Foundation and such sponsors as the Lingus, who are doing such a fine job in promoting their Schools' championship in

Europe. The availability of generous college golf scholarships in America ensures that practically no promising youngster escapes the net.

But the endless conveyor belt-loads of college graduates and drop-outs being spewed out periodically on to the immensely lucrative professional circuit run by the U.S. PGA Tour is constantly denuding the amateur ranks—and it can never be sufficiently emphasised that the club golfer is the backbone of the game.

### Tradition

Perhaps the most harmful factor of all to the overall health of golf in America has been the boom that saw hundreds of thousands of mechanised golf carts buzzing on to and around the nation's courses to cause the slow but sure, lingering death of the caddy.

It had been the game's time honoured tradition that the majority of golf's great professional champions had emerged from the caddy shack, instead of from the college campuses. The lack of young caddies who graduated to playing the game is really hurting golf all over the world except in Spain, where that now famous former

caddy from Santander, Seve Ballesteros is slowly but surely becoming a national hero—he is already a "naturalised" Briton—idolised by a golfing public starved of heroes since the golden era of Tony Jacklin a decade ago.

Thousands of penniless Spanish youths see in Ballesteros's emergence to international fame and fortune their own prescription for the great escape from the poverty that has engulfed them from birth on a European continent where golf is still largely the province of the aristocracy and the rich.

Golf's post-war boom that really took off in the 1960s was to a large extent inspired by the great Arnold Palmer, whose courageous charges and bludgeoning strength fired the masses with the kind of warmth and enthusiasm that the clinically dedicated heroes like Ben Hogan and Henry Cotton could never have generated, heartily admired as they both were.

Palmer, who came from the coalfields of Pennsylvania, was adored by the blue collar workers because they saw him as one of their own. Jacklin, a lorry driver's son from Scunthorpe and Lee Trevino, an orphaned, illegitimate Texan, Mexican who was brought up

by his grave-digging grandfather until he graduated through the Marines to golf "hustling," also inspired the ordinary working man—attracting a vast audience to the game—who eventually graduated themselves to active participation.

Working men, or "artisans" as they were somewhat patronisingly known around British golf clubs were usually housed in small bays far removed from the main clubhouse, and were allowed restricted playing privileges on weekdays, often in return for the performance of menial tasks like weeding fairways. Now, as wages spiralled upwards, they could suddenly afford to join clubs as full, subscription-paying members—and did so in droves—as the working week shrank and leisure time vastly increased.

The game was further popularised during its 20-year-long boom by television, which turned its eye to more and more lucrative tournaments, as commercial concerns quickly became aware of the enormous benefits they could derive from the attendant publicity, visual identification of their products, and so on.

The problems currently facing the television networks are multi-faceted, but not the least of them is the ever-increasing cost of mounting live outside broadcasts. More of that later.

The legendary Palmer was still the single most influential factor in reviving our ailing Open Championship, and helping it become the commercialised circus it is today. Palmer is not alone in believing that the Royal and Ancient Golf Club of St. Andrews has gone too far in this respect, and that golf has almost become overshadowed by the commercial aspects of the event.

The championship was dead on its feet when Palmer came over for the first time for the Centenary Open of 1960, and was mounting one of his famous charges in the hope of overtaking veteran Australian Ken Nagle when play was washed out half-way through the final day.

To this day Palmer firmly believes he would have won that championship had the fourth and final round been played that



Lee Trevino of the United States in happy mood as he sinks a birdie at Muirfield during this year's British Open Championship. But it did not win him the trophy. That went to Tom Watson, also of the U.S. (right), with an aggregate score of 271, 13 under par.

afternoon—the third and fourth rounds were both played on a Friday until the middle '60s—and not the next day.

I was interviewing Palmer in the basement locker room at St. Andrews when play was called off for the day—in my opinion prematurely—and the great man went berserk, hurling his shoes and clubs down the alleyway between rows of lockers. The fit of anger was over as quickly as it had begun. But Palmer knew full well that his momentum would have vanished by the following morning, and he was correct.

### Perfect foil

Palmer made no mistake in the appalling weather that served as a perfect foil for his bull-like strength and determination at Royal Birkdale in 1961, or at Troon in 1962, when in defending his Open title—again head to head against Nagle—oh! sweet revenge, Arnie won by six strokes, with third placed Brian Huggett and American Phil Rodgers a further seven shots back.

That was probably the best golf Palmer ever played in Britain, and made a legend of the man. It also had put back the Open Championship on its feet—Jack Nicklaus also played in it for the first time in 1962—and set off the golf boom that only now is slowly grinding to a halt.

"Arnie's Army" had been a fact of life in American golf for upwards of five years previously and now, even at the age of 50,

and having won the last of his major championships no less than 16 years ago at Augusta—the 1964 Masters—Palmer can still draw huge crowds of loving admirers all over the world. I well remember being asked, on checking in at a Madrid hotel in 1970 for the Eisenhower Trophy World Amateur Team Championship, by a bellboy whose command of the English language was minimal: "Will Señor Arnie be playing?"

Only this year, by winning his 18th and 19th major championships at the age of 40 after a two-year drought since his third Open Championship victory, at St. Andrews in 1978, has Nicklaus finally matched Palmer's public appeal in his native land.

But there can be no minimising the part Nicklaus has played in promoting the golf boom, if only for the magnificent integrity that has been his admirable trademark while the public's intelligence has been ever more insulted by the spoiled, overpaid stars and their ever-worsening standards of behaviour in other sporting arenas.

Other major factors contributing to golf's current woes in the United States are several. The game's image has been irreparably damaged to the eyes of youth by the cart-youngsters' prefer to indulge in more healthy-looking activities at which vast fortunes can be guaranteed rather than truly earned week by week—and the plague of slow play that the cart has been instrumental in spreading.

Television ratings are slumping because the game's new professional heroes are too often well-scrubbed, earnest, emotionless clones straight off the rollege production line, to whom the game is purely business. They are unwilling to accept the need to entertain, or are incapable of doing so, with very few exceptions.

### Priced out

This is why there is a mini-boom in senior golf—because most of the characters in the game are over 50 years of age—or approaching that milestone.

All but the most well-off amateurs are in danger of being priced out of the game all over the world—a terribly depressing thought—and golf could easily revert to its 1920s status as the province of royalty, aristocracy and wealth.

But it is doubtful whether the top of the graph has quite been reached in the game's commercial development in Britain, and in Europe only the surface has been scratched in this respect. And in the field of television, particularly with regard to events especially packaged for prime time evening viewing in the winter months, the boom has only just started in Britain. But if that new and fast-growing class of business managers continue to demand vast sums of appearance money—illegal in the United States—the world-class professionals could easily and quickly kill off the goose that laid their golden egg.

## Top players must spend time in U.S.

THE BOMBARDMENT and humiliation of several renowned golf courses in major championships in the last few years is more than a little misleading. Regular scores in the fifties are still almost as far away as they have ever been, and Gary Player's, over-estimated forecast that they will become commonplace in the 1980s appears at best over-optimistic.

There is still a psychological barrier to be broken down, just as there was when Dr. Roger Bannister ran the first sub-four-minute mile.

What is an inescapable fact is that with the passing of every season there is more strength in depth apparent on the U.S.P.G.A. Tour, that is forcing scores down week by week.

Only by joining this tour, as did Tony Jacklin and to a lesser degree of success, Peter Oosterhuis will European professionals improve their standards sufficiently to have a chance to be regarded as true world-class players.

And I have not forgotten Seve Ballesteros, the best player to have emerged since Jack Nicklaus—potentially—who has little or no chance of realising that potential unless he plays regularly in America, rather than contenting himself with becoming the largest fish in a very small pond. This is the unanimous opinion of all the really great professional golfers in the world.

### Floodgates

To return to that recent rash of low scoring, Johnny Miller opened the floodgates in 1977 when he scored a final round 63 at Oakmont, Pittsburgh to win the U.S. Open Championship when this magnificent and much feared and respected course became helpless to resist, softened up by heavy rains, its once frighteningly paced greens receptive to iron, and even wooden club shots, and their pace uncustomarily slow an easy.

Mark Hayes followed with a 63 in the second round of the 1977 Open Championship at Turnberry, the lowest single round score in the event's history, in freak, fast-running warm and windfree conditions, before winner Tom Watson (twice) and runner-up Nicklaus (once) recorded 65s in their never-to-be-forgotten duel over the last 36 holes.

Gary Player equalled the Augusta National's course record of 64 in his final round to take the U.S. Masters, while last year, winner Ballesteros had a second round of 65 at Royal Lytham and St. Anne's, and Australian winner David Graham a last round of 65 to win the U.S.P.G.A. Championship at

highly respected Oakland Hills, to which course Ben Hogan had many years earlier applied the nickname "The Monster."

Augusta's greens had been disappointingly slow when Player won, while Oakland Hills had been similarly rendered helpless by heavy rains. Ballesteros's ability to produce inspired, low-scoring rounds is well known, but on the day in question at Royal Lytham five more players who eventually finished in the top 10 broke 70, while in the other three rounds put together those players and Ballesteros managed only two other sub-70 scores between them.

This year the revered and largely unaltered Baltusrol, which was being a red sixth U.S. Open, was also found in a defenceless state after heavy rain by Nicklaus, the eventual winner and Tom Weiskopf, the man who has lived in his shadow since both were schoolboys growing up in their native Columbus, Ohio.

Both men scored phenomenal 63s, Nicklaus even missing a four foot putt which deprived him of a new record single round score in the premier American championship.

It is fervently to be hoped that the Royal and Ancient Golf Club of St. Andrews will never stoop to altering and "tricking up" tactics that were for too long the trademark of the United States Golf Association in preparing courses to try to frustrate—in any way possible—even the best players in its Open, until some clubs like Baltusrol and Merion—the 1981 U.S. Open site—refused to have their long respected courses radically altered. Alas, they have been a minority in recent years.

The real and disturbing truth is that golf course architecture in the last 30 years has come up with very little in the way of outstanding, potential championship venues, concentrating instead in the more lucrative field of resort courses, where possible closely tied in to residential developments. The rare exceptions that were designed specifically with championships in mind are either in themselves disappointing, or shine in a desert of mediocrity like rare jewels.

Easily the outstanding new course I have seen in Britain is the Duke's course at Woburn Golf and Country Club, the brainchild of the late, lamented Charles Lawrie. Set in many thousands of acres of peaceful pine forests on high, sandy ground on the Bedfordshire-Buckinghamshire border, the site obviously lent itself to the creation of a first rate cham-



pionship course, and Lawrie achieved just that.

Woburn was the site of the Dunlop Masters tournament won by Australian Graham Marsh in October 1979. I would like to see it chosen as a permanent venue of this prestigious event or the matchplay championship.

But the latest information to reach me concerning the Dunlop Masters is that another fine, comparatively new parkland development, the St. Pierre Golf and Country Club at Chesport, is more likely to be the company's choice.

Ireland can host of Water-ville in County Kerry, a marvellous and picturesque links layout in an incomparable setting, but otherwise the best new courses in Europe are on the Continent, where sunshine is the rule rather than the exception.

China do Lago and Vilamoura, designed by the late American Bill Mitchell and Lawrie's partner Frank Pennink respectively, are the best courses on Portugal's Algarve coast near Faro.

The hotel at Penina is far superior to the quality of the two courses that lie beside it, and in that area I personally much prefer Palmare, another Pennink design that boasts some fine holes by the ocean.

Europe's best

In the golf-rich Costa del Sol area of southern Spain, stretching from Málaga to Gibraltar, and centred in the smart international playground of Marbella, I prefer the Robert Trent Jones-designed courses (two) at Sotogrande.

But the whole area is easily the best in Europe for holiday-making hackers in search of winter sunshine.

Further east in the Mediterranean, Trent Jones has created a masterpiece of beauty and engineering skill on a rocky mountainside called Pevero on the Agia Khan's Costa Smeralda in northern Sardinia, and the same architect is currently working on several courses in Europe, and also most notably in Morocco, where he has already built more than one layout for King Hussein II, a golfing fanatic, in Rahat.

Much further afield, Robert Trent Jones junior has put together a brace of golfing paradises at Princeville (27 holes) on the most remote Hawaiian island of Kauai, and at Pacific Harbour in lovely Fiji.

Pete Dye is widely acknowledged as the best of the modern era architects. And I believe his Cajelles course at Casa de Campo, La Romana, on the shores of the Dominican Republic is possibly the best and most beautiful holiday location of all.

Casa de Campo has a second course also built by Dye that is scarcely less good, but inaccurately named "Links Course." It is Cajelles that is just that, with nine holes hard by the Caribbean that are as spectacular as those on the most famous of all municipal courses, Pebble Beach in California, at my own golfing Mecca, the Monterey Peninsula.

Dye's perhaps most famous new course that is justifiably the pride of the Carolinas, Harbourtown Links on Hilton Head Island off the shores of South Carolina, is the venue of the annual Sea Pines Heritage Classic, which perennially attracts the best available field of world class professionals because they cannot resist the challenge and allure of the course. Harbourtown has the best collection of four nines and the best par five I have ever seen.

But Dye continues to excel even himself. His brand new Tournament Players Club south east of Jacksonville, Florida, will probably open its gates to the public in the summer of 1981. Designed specifically to house the Tournament Players Championship, I only saw this dramatic layout before it was sited. But I can say with full confidence that within a year it will be voted into the world's top 20 courses.

How many British, Irish or European professionals will get into an authoritative list of the top 20 players in the world in the foreseeable future?

Obviously Ballesteros is head and shoulders above the rest of the Europeans, if only because he is so much more mature than Britain's best, notably Sandy Lyle.

Greg Norman appears destined for world stardom as soon as the blond Australian decides to make the transition from the European to American circuits.

Much the same could be said for many of the most promising British players. But one has come to despair at their deplorably low work rate and even lack of real ambition to achieve true world class. Certainly no British players can realise such lofty ambitions, even if they entertain them, unless they are prepared to learn the lessons taught them by Jacklin.

Tony suffered more than a little from the loneliness of the long-distance American golfing tourist. But if only a few promising British players had the guts to travel the American tour as a group or stable—there is no telling how rewarding the gamble could become.

The only trouble is that I cannot see such an exciting prospect ever being borne out in fact. And until it does we shall remain a second-class golfing nation.

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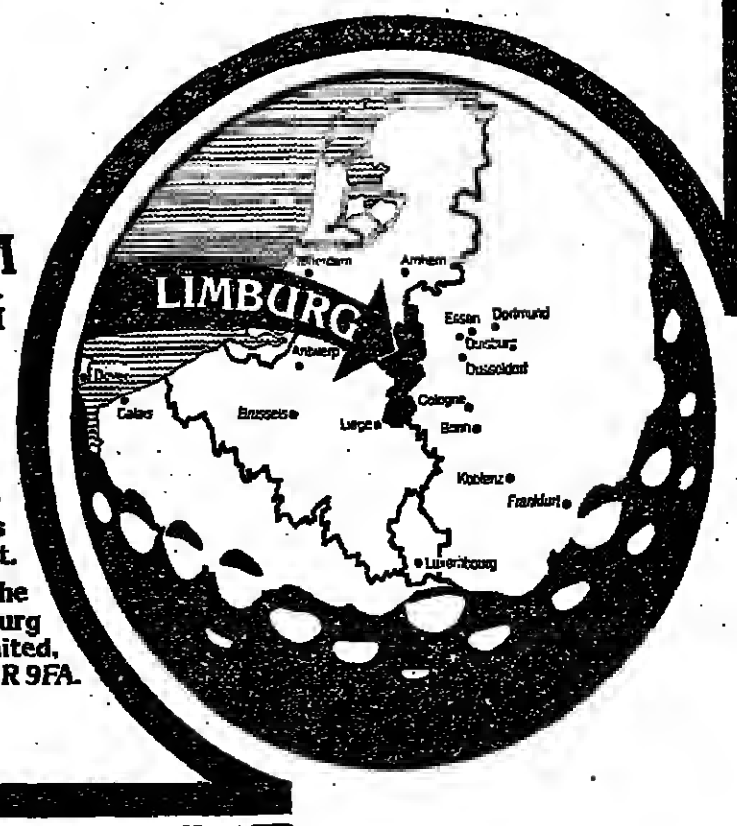
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## The squeeze on profits

IF THE lunatic fringe were to seize control of the Labour Party and go to the electorate with a promise to expropriate all private profits and hand them over to the workers, it is hard to imagine anyone taking their manifesto seriously. It does not take much political or economic sophistication to recognise that an economy simply cannot be sustained if all the fruits of industry are paid to labour and none are retained as a return to capital and reinvested. The electorate would overwhelmingly reject such a proposal to eliminate profits.

## Spectacle

It is therefore hard for investors to understand what to make of the spectacle of a Tory Government administering an economic policy which has had the effect of protecting real wages and reducing the profits of Britain's largest industrial company, ICI, to a level where they are scarcely adequate to cover the depreciation of plant and equipment and to pay an unchanged dividend. The fact that ICI's dividend is not being increased for the first time in eight years, at a time when inflation is still soaring, amply justified the 8.8 point fall in the FT index on Thursday.

More importantly, it provided the clearest possible confirmation of what industrialists up and down the country have been saying. Even for many reasonably efficient companies in industries which are not dragged down by out-moded equipment, inferior products or backward-looking management, it has become next to impossible to make adequate profits.

What the Government has inadvertently achieved, as a result of the strength of sterling during a year and a half of rapid wage inflation, is an unprecedented shift of national income from profits to wages.

The share of employment income in GDP has jumped from 68 per cent to 73 per cent in the two years up to the first quarter of this year—and it is only since then that the profit squeeze has really taken hold. The whole benefit of North Sea oil, and more, has been channelled from the corporate and public sectors to the personal sector.

A particularly symbolic feature of ICI's figures was that even the massive profit contribution from its stake in the Nigerian oil field was insufficient to compensate for the decline in its other businesses.

Even trade union leaders may betray some concern about the uncontrolled growth of real wages relative to profits, when they meet next week at the Trades Union Congress. For their ritual attacks on the Government's tight monetary policy and their calls for reductions in interest rates and in the level of sterling will, in

effect, be appeals for a redistribution of income back towards profits.

With unemployment now soaring above the 3m mark and with no relief in sight, it is not surprising that trade union leaders are developing a more sober appreciation of economic realities. However, even a relatively moderate and peaceful round of wage settlements in the coming year will probably be too late for some companies.

For the medium-term, a temporary decline in real wages resulting from low wage settlements certainly holds out the best hopes for an economic recovery. A fall in wage settlements could be accompanied by an even steeper reduction in interest rates. This would stimulate investment and reduce the savings ratio, which seems now to be rising to an unusually high, and excessive, level. Falls in mortgage rates would provide a much healthier stimulus to consumer spending and home demand than a cut in personal taxes.

Unfortunately, in the meantime, the simultaneous collapse of profits and employment is bound to generate strong pressures on Government economic policy. If the wage round proves more troublesome than expected, these pressures could become intolerable. Another year of excessive wage settlements, accompanied by high interest rates and a firm exchange rate would put the Government in a very difficult position to contest the next General Election, for an economic recovery produced by market forces, rather than by artificial stimulation, is bound to be a gradual one.

## Money supply

The gilt-edged market might normally have responded positively to the sort of gloomy news about deepening recession which the past few weeks have brought in abundance. Instead, gilt-edged have followed equities downwards, largely because of fears that the Government's economic policies will not hold up in the face of pressure from unions and industrialists alike. Since the revelation that the money supply has been nowhere near its target range since the inception of the medium-term monetary strategy, economic policy has appeared to be adrift.

It may well be that the discovery of the true distortions created by the corset has made the Government's monetary targets unattainable within the originally planned timescale, without inflicting excessive damage on the economy. A clearer assessment of the prospects from the Government, especially on interest rates, would probably be less disturbing to investors than the present appearance of indecisiveness and muddle.

"WHEN newspapers say they are going to close, I wish to God they would. I am tired of seeing these threats lose their meaning in the face of the unions. . . . It just takes your breath away, this jungle does. I may have spent too much time in it, but I've had the education of my life in Fleet Street. I don't regret it a bit."

The man who spoke these words—the recently ennobled Victor Matthews—has watched this jungle change considerably in recent times. The days when individual owners dominated the business are largely over. Instead, many newspapers are now subsidiaries of corporations, forming relatively insignificant parts of large holding companies.

Yet the basic characteristics of Fleet Street have survived even in the face of increasing losses and dubious commercial viability. Some senior corporate executives dispatched to monitor newspapers have been to manifest the same symptoms as the original Beaverbrooks and Rothermeres. There is something about Fleet Street that makes a businessman forget basic principles. Subsidies have flowed from Atlantic Richfield and the Thomson Organisation, with little evidence of solid recovery in sight.

Mr. Rupert Murdoch, the owner of The Sun and News of the World, says that many newspaper owners will have to be prepared to subsidise their journals for a very long time. But, he adds: "There just aren't any more fairy godmothers out there ready to rush to aid take over a newspaper." The continuous tension between management and unions and increasing competition in a finite market have soured too many press barons—the Observer's strong line in its recent dispute with some printers, staff Mr. Murdoch believes, is a welcome example of a benevolent parent group finally deciding that it has "had enough".

This frustration on the part of most parent groups is understandable. Last year, six of the nine national newspaper groups managed to record pre-tax profits: a grand total of just above £50m. But losses from the three remaining groups almost match this figure and account for the 18 national daily and Sunday titles' least one-third made losses last year.

This year the number of papers in the red will probably rise to eight or nine. Soaring production costs, a slump in advertising revenues and industrial disputes will all take their toll.

## THE TIMES

THE PLIGHT of Times Newspapers has probably attracted more attention than that of any other group in Fleet Street. Because the company has had to struggle with bad labour relations, conflict over the introduction of new technology and in the past week, a strike, it may be seen as the quintessential example of how difficult it is to

run a commercially viable newspaper business.

Times Newspapers Limited is owned by the International Thomson group, which two days ago reported interim profits up 76 per cent to £111.5m.

Last year the closure of The Times and associated papers caused a loss of £39.3m, but the International Thomson parent still managed a pre-tax profit of £165m.

With the reappearance of The Times and Sunday Times last November, trading losses from the two were £8.4m in the first half of 1980, compared with a loss of £17.3m in the corresponding 1979 period.

Times group journalists went back to work yesterday to produce this morning's edition of the paper. But Lord Thomson and his advisers in Canada must now be asking themselves how long they are willing to support one of Britain's great institutions.

## THE OBSERVER

FLEET STREET'S most desperate financial case however, is probably The Observer. Despite a valiant rescue three years ago by the Los Angeles-based Atlantic Richfield oil giant, The Observer is still sitting on net assets of only £3m. This money comes entirely from parent company loans and will be severely depleted by expected losses of around £2m in the current year.

In 1977 and 1978 The Observer sustained operating losses of close to £2m a year. By the end of 1978 net assets stood at £2.3m, including a £5.2m Atlantic Richfield borrowing. Last year the absence of The Sunday Times enabled the newspaper to earn £1m in pre-tax profit, but Mr. Brian Nicholson, joint managing director, sees this as nothing more than a hiccup.

By the end of this year, according to Mr. Nicholson, Atlantic Richfield will have invested around £20m (£8.5m). Although circulation at The Observer is now around 970,000 (having peaked at 1.3m last year) and the newspaper is to increase its cover price from 22p to 25p on September 14, this will not be sufficient to stave off the deficit. Mr. Nicholson estimates that each penny added to the cover price brings in about £200,000, but a 10 per cent rise on total advertising income would yield much more than a 3p cover price rise.

This year, Mr. Nicholson estimates, total revenues at about £32m; advertising will contribute £25m and cover price income nearly £7m. Wage costs of about £10m and newsprint and paper expenses of about the same amount will immediately eat up two-thirds of The Observer's revenue.

Printings costs of about £6m, departmental expenses of £1.5m, pension payments of £1m, overhead costs of around £2m and depreciation of £1m will knock about £12.5m off the remaining funds. The coup de

grace will come from basic distribution costs of £11m, bringing The Observer into a loss in the current year of around £2m.

The Observer's financial condition is grim. Other than its California parent, it has no visible means of support. This year the losses will be made up through a parent loan of around £3m, but Atlantic Richfield has declared that the newspaper must soon make a profit. If it does not, it could again be in jeopardy.

## FINANCIAL TIMES

AT THE Financial Times, Mr. Alan Hare, the chairman, takes the view that the newspaper must behave like any other subsidiary of Pearson Longman, the parent group. Last year, the FT and its sister information services supplied almost £1m out of Pearson Longman's £25.7m pre-tax profit. The newspaper (circulation 195,000) made a profit of £3.4m.

Mr. Hare acknowledged this week that the general theory of advertising would reduce FT earnings this year and said the UK slump in advertising might continue through the middle of 1981. The development of the new international edition, printed in Frankfurt, is also contributing to abeyant revenue.

He was concerned that, as a result of Fleet Street's problems, it would be difficult for all the existing newspaper titles to survive over the next two years. This view echoed the consensus of Fleet Street proprietors that a shake-out was inevitable.

## EXPRESS

TRAFALGAR HOUSE, whose interests range from property to shipping, is the owner of what remains of the old Beaverbrook newspaper empire. In 1977, after much drama, the team of Mr. Nigel Brookes, the chairman and Mr. Victor Matthews, the chief executive, bought the Express newspapers for about £15m, not a very large sum for a holder whose market capitalisation is now approaching £200m.

But now, three years later, after ploughing an additional £15m into the Express Group (Daily Express, Sunday Express, Evening Standard and the new Daily Star), Lord Matthews comments: "I think in business you can afford to be a little generous. We started this way with the Express papers, but they now must be strictly commercial."

Trafalgar House wants the papers to support themselves and not be a drain on the parent, he said. But this year Express Newspapers may make a combined pre-tax loss of around £2m. Taken as a whole, however, the newspapers and magazines division of Trafalgar will manage a profit.

This is because of an effective cross-subsidy from the group's Murray-Gibson publishing business. The Sunday Express, with a circulation of around

3.1m (ABC figure), is still a reasonable money-maker, but the Daily Express and Evening Standard will lose money, according to Lord Matthews.

So will The Daily Star, which was launched in 1978. Its circulation of just over 1m has not prevented it from running losses of around £750,000 a month. Star losses could total £6m this year, but Lord Matthews points out that the group's overheads have not increased because of the launch. Meanwhile, the advertising slump means that since May the Evening Standard has been earning £250,000 a week less in advertising income and the Daily Express's lost advertising income to between £100,000 and £200,000 a week. The Evening Standard recently dropped one edition which may save £1m a year.

Trafalgar House has net balance sheet assets of over £170m but Lord Matthews says his group could not afford "the kind of losses suffered by the Thomson people." "Trafalgar House will not keep the Express Group going if it has substantial losses—we can't afford £10m of newspaper losses if they ever occur," he notes.

## THE Sun

AT THE other end of the profitability spectrum, The Sun and its sister publication—the News of the World—are two of the success stories of Fleet Street. Profits of Mr. Rupert Murdoch's News International, the parent company, have increased eight-fold during the last decade to £22m, some £15m of which came from the two national newspapers.

Mr. Murdoch said this week that The Sun (with an average circulation of 3.8m) accounted for "more than half of the £15m in earnings last year. But he complains of "soaring costs all round" and estimates next month's newspaper price increase will add £3m to production expenses. Total costs will rise by about 30 per cent this year, he says.

The Sun agreed to pay its 228 journalists 27 per cent more not long ago, at the top end of Fleet Street agreements. News International is developing new facilities at Tower Hamlets for a cost of £20m over three years, to be funded from cash flow. Mr. Murdoch says this project will not impose a strain, but admits: "We may never get the £30m back—it could take 10 years or more."

THE Daily Mail (circulation 1.95m) is the profitable part of Associated Newspapers' Fleet Street operations. The Evening News, meanwhile, with a 12-month drop of 5 per cent in its circulation to around 434,000 in June, may have made losses of £5m last year according to some City analysts.

Associated's interests include North Sea oil, restaurants, transport and property. In the last published figures (for 18 months to September 1979) the group pre-tax profit was more than £30m, of which some £18.7m came from newspapers. Some analysts calculate that

from outside purchasers by the Scott Trust, a private foundation formed in 1936 to allow the newspaper to survive without regard to outside shareholders. This is fortunate because, Mr. Markwick said this week, The Guardian has made a loss in four out of the past five years.

"Years ago a group of wise men decided that it would always be difficult for The Guardian to make a profit," he says. So the Manchester Evening News was purchased to provide revenues for the continued appearance of The Guardian.

Industry analysts suggest The Guardian could make a loss of £2m this year.

Net assets of The Guardian and Manchester Evening News company are now just above £10m, and group earnings are expected to be well up on last year's £3.2m pre-tax profit. Mr. Markwick says a Guardian loss need not affect the balance sheet because the Manchester paper is doing well.

Although production costs will be up 25 per cent this year, Mr. Markwick takes this in his stride. He feels the same about the current advertising recession. "The Guardian has always had an advertising problem because it is perceived as being on the left. Our readers are less materialistic than others."

## The Daily Telegraph

LIKE The Guardian, The Daily Telegraph and its sister The Sunday Telegraph are protected by an independent trust. The trust stipulates that profits are to be reinvested "in the field of communications." But profits in recent years have come mainly from the Daily Telegraph (circulation 1.4m), which supplies around three-quarters of all revenue.

The Sunday Telegraph (circulation around 1m) has some times suffered losses, but these have been described at the Telegraph group as "manageable." Last year's £1.5m pre-tax profit for the group may have included a small Sunday Telegraph loss, indicating a cross-subsidy from the daily to the Sunday paper.

Group net assets stand at about £10m and it would take a hefty loss to inflict any real damage on the balance sheet.

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on an annualised basis the newspaper division made around £14m. This would include a net loss of £2m from the Evening News and Daily Mail and a surplus of £16m from the provincial newspapers, suggesting yet another example of a cross-subsidy.

This year the Mail group is hoping to launch a new Sunday paper, to be edited by former News of the World editor Bernard Shrimley. Ms. Jenny Nibbs, a newspaper analyst at stockbrokers Buckmaster and Moore, predicted yesterday that the venture would move quickly. "I am sure they will want to get it out in time for Christmas advertising," she said.

## Mirror

REED INTERNATIONAL, the paper and packaging group with more than £700m of net assets, is the parent of Mirror Group Newspapers. The Mirror Group accounted for 11 per cent of Reed's turnover last year, but only £3m of trading profits out of a group profit of £106.7m. The Daily Mirror (circulation around 3.6m) shares an employee base of 8,000 with its sister journals, the Sunday Mirror (circulation 3.7m). But the Sunday People (3.9m), the labour costs are very high and the parent company is introducing new technology, one of the few Fleet Street organisations to move ahead in this direction.

But the technology has not so far succeeded as well as hoped and last year the newspaper division's return on sales dropped to 3.4 per cent from 6.1 per cent in 1978-79.

Reed is a major producer of newsprint, but the Mirror papers pay full price for these raw materials from other Reed subsidiaries. The view at Reed seems to be that the newspaper business is no different from any other and like its paint or wallpaper divisions, newspaper must be profitable.

THE future

IT IS TRADITIONAL in Fleet Street to read reports of doom and gloom, to anticipate disaster and hurry to dissect the industry. But there can be little doubt that no fewer than three of the nine major newspaper groups face serious financial problems. Others may continue in the same old way, in an atmosphere of corporate or personal benevolence, heavily laced with a desire not to lose face.

Once a newspaper has been acquired, it becomes embarrassing for its purchaser to withdraw in failure. The drive to succeed where others have not may be a key factor in explaining a number of uneconomic decisions. The obsessiveness which Fleet Street stimulates may be another reason.

In hard economic terms, Fleet Street, as an industry, cannot avoid the cold wind of rationalisation. Within the next two to three years a careful study of Darwin's theories of the survival of the fittest might not come amiss.

## Letters to the Editor

## Terminology

From Mr. R. Flavell

Sir—Peter Riddell (Lombard, August 27) has missed a number of points in his review of Nigel Lawson's pamphlet on the "New Conservatism." The trouble with pamphlets such as these is that the politicians who write them (and hence the media) have distorted the meaning of political concepts and ideas.

Take the word "conservatism." It is derived from the policies of the forerunners of today's Conservative Party, the Tories, who in the 17th and 18th Centuries advocated policies of protectionism, the building up of the power of the state and an expanding empire.

The Thatcher-Joseph definition of conservatism as expressed by Nigel Lawson, is based on the early 19th Century radicalism of Adam Smith, David Ricardo and Jeremy Bentham. This emphasised the "laissez-faire" economic policies which succeeded the original Tory mercantilist policies, which effectively ended with the demise of the Corn Laws in 1846.

Today's Conservative Party has therefore appropriated the policies of 19th Century liberalism — it is really the Liberal Party. Perhaps Mr. Lawson's pamphlet should have been titled "Ye Old Liberalism!"

Meanwhile the Liberal Party of Grimond, Thorpe and Steel has moved toward "corporate state capitalism," as seen in its calls for statutory pay controls and European political integration. Like the Conservatives, it has twisted the meaning of its name.

There is the word "monetarism." The belief in a positive relationship between the supply of money and the level of prices is even older than the original conservatism. Derived from the writings of Bodin, and given a vague mathematical expression in Fischer's Equation of Exchange, it is an integral part of liberal thought. It is not a creation of Milton

Friedman or of today's Conservative Party.

What is lacking in Western politics is a strict definition of political terminology. The debasement of political terms has led to uncertainty and disillusion in the political arena; today voters are bombarded with ill-defined phrases such as "moderate," "extremist," "middle of the road," "penetration," "Thatcherism" by the media. Do politicians intend any meaning to these words, beyond the "cut and thrust" of political debate?

Mr. Lawson's pamphlet reflects this political uncertainty. It does not genuinely contribute to political thought, but is a rebash of the views of those whom Keynes described as "defunct economists."

Robert Flavell, 4, Beaconsfield Drive, Parkfield, Whitechampton.

## Labels

From Mr. R. Kimberley

Sir—The Retail Consortium describes the new country of origin marking proposals as "invidious," suggesting that there is little support for the move, and one must wonder who it is that feels this way? Surely not the customer?

There is no doubt that much of the decline in the UK share of retail sales of goods contributes largely to growing unemployment and unfavourable trade balances and it seems that the retailer must fear a reduction in turnover and/or profits should he reveal the origin of the goods offered for there can be few other reasons for his reluctance so to do.

It can not be said that marking goods with the origin will in itself reduce overall sales but it may well influence the customer to support home production and thus contribute towards a healthier national industry, a reduction in unemployment and some improvement in the balance of trade. In addition, if these conditions continue to decline, retail sales will gradually reduce and the retailer will pay the penalty.

If the Retail Consortium is so

anxious to obscure the origin of goods it must be anxious to deny to the customer the full facts about what is offered and it is this that is invidious and not the marking of origin.

Given equal terms, I am sure that most of us would prefer to "buy British" and the marking of origin will be an incentive to our home industry to ensure that the price and quality of our goods are equal to any.

R. Douglas Kimberley, 26 Binney Street, W1.

## Origins

From the Secretary, Scottish Knitwear Council.

Sir—On August 26 your Consumer Affairs Correspondent reported that the view of the Retail Consortium, the main trade organisation for the retail sector, that Government plans to introduce new origin marking legislation is "invidious."

"Invidious" to whom, surely not the retail customer for whose part the Minister for Consumer Affairs is taking action? Marks and Spencer is quoted as saying in its experience increasing numbers of customers want to know where goods have been made, and that must constitute a fair sample of consumers.

Certainly the labelling on its merchandise is clearly in the consumers' interest and it explains, too, that supplies of goods which it exports have to comply with labelling legislation in 33 countries.

While from the consumers' immediate point of view, the crucial point at which origin information must be available is the point of sale, it is in our view essential for retailers to be assured that the original details of imported goods offered for sale are genuine and meet the requirements of legislation. The origin labelling of imported goods at the point of importation is in our view the most likely method of preventing deception or fraud in this area.

Scottish knitwear manufacturers have little difficulty in meeting foreign labelling requirements.

A. C. Purves, 32, Commercial Road, Haurick.

## Redundancy

From Mrs. J. Beck

Sir—Where are we going to obtain sufficient money to pay for redundancy payments and the ensuing social security for all these people who find themselves unemployed?

J. Beck (Mrs.), 20 Hollywood Way, Woodford Green, Essex.

## Opinions

From Councillor C. Meakin.

Sir—What should we really believe about the prospects for British exporters when the pound is strong? Do we believe the report on the front of the Financial Times (August 27) that Britain's shipbuilders are doing better in 1980 than they have done for years? Or do we believe the opinion-vendors wheeled out at weekly intervals to moan about the latest business statistics?

I much prefer the factual reports (on August 26) we read that the aerospace industry is fair humming especially for an industry such as shipbuilding which is, so they say, very price-sensitive.

Perhaps the opinion-mongers are starting to chase their own tails. Everyone knows that the biggest headlines are saved for the gloomiest news. The near-insatiable demand of the media (especially JICTAR-conscious TV) for shock horror reactions to otherwise boring statistics seems to have created the very supply it needs.

Britain now has an exceptionally large brigade of industrial Jeremiahs. They are paid according to the publicity gained by their opinions; at the drop of a bat they will spell out the dire consequences of a strong pound, a weak pound, rising inflation, falling inflation, good trade figures, bad trade figures.

Perhaps it is all just good clean fun which helps keep former civil servants off the streets. If it is also the start of a chain reaction, that is somewhat less funny. It begins when

economic opinions are tailored to emphasise the pessimism which attracts headlines. Next, top billing in the media endows these same opinions with a credibility which affects individual business opinions and even decisions. That in turn affects Government policies.

Christopher Meakin, Members' Room, Southwark Town Hall, Peckham Road, SE5.

## Highwaymen

From Mr. J. Wilcox.

Sir—Mr. Cross (August 21) recommends locking car doors when driving through large Italian cities in order to frustrate gangs who attempt to snatch handbags by the ploy of activity at the front of the vehicle which attracts the attention of the occupants and also forces it to stop, while an accomplice lurking to the side wrenches the front passenger door open to snatch the handbag.

My recent experience at the Rome coastal resort of Lido di Ostia indicates that locking the car doors only gives limited protection.

Driving along the promenade in the early evening, in broad daylight, and with windows closed and doors locked, two young men forced me to stop by standing in the centre of the road with arms akimbo. Immediately, an accomplice smashed the side window of the front passenger door in an attempt to grab my wife's handbag. He failed, because I drove off smartly, but the risk of injury to my wife, together with the considerable inconvenience of a smashed side window, left me wondering how best to circumvent in the future the activities of these modern highwaymen.

I think my course of action will be: doors locked, windows open, all valuables out of sight and out of reach, if suspicious activity to the front, watch the side and be ready to take evasive action, e.g. to reverse quickly, if this is feasible.

J. C. Wilcox, 123 Broadwood Avenue, Ruislip, Middlesex.

## Electrifying

From Mr. G. Blake

Sir—If your correspondent (Page 7, August 21) is to be believed, the proposal made by British Rail to the Transport Department over the advanced passenger train is a precursor to electrifying more route miles than we currently have.

The advanced passenger train for the Euston-Glasgow service is electrically powered for a wholly electrified route. How then, can there be an argument or comparison about costs of diesel-powered locomotives when one compares like with like?

Having claimed the APT is electrically powered, what technology does British Rail possess to be able to replace the current diesel-powered high speed trains which run on non-electrified routes, other than further electrification? There are certainly no inter-city routes operated currently by high speed trains running over more than a few miles of electrified track.

G. W. Blake, 195 Westwood Road, Sutton, Surrey.

## Corsets

From Mr. G. Corbett

Sir—At the risk of sounding ungrateful to Mrs. Graham (August 26) I would like to persevere with the analogy of real corsets.

After my National Service experience as a radiographer, I am convinced that a corset does not mould the body to the shape dictated by fashion. The ladies must know in their heart of hearts, together with Mr. Brittan's "Gordon," that when a corset is removed, all is revealed.

On a more serious note, in our concern to measure and control the amount of money in circulation, are we forgetting the velocity of circulation, alias confidence?

G. Corbett, 17, Firwood Mount, Girsley, Cheshire.

## THE M&amp;G RANGE OF PENSION PLANS

M&G now offer pension plans for self-employed people, plans for directors, senior executives, and employees of companies. Within the limits set down by the Inland Revenue all these plans can attract full tax relief on contributions. To obtain full details of any of these plans, please tick the appropriate box.

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# Tokyo's programmed earthquake

"Now, without forewarning there has occurred the terrible earthquake of September 1. So severe were the vibrations that numerous houses were ruined and tens of thousands of men and women perished. Fires broke out in all directions, the flames and smoke reached to the sky, and Tokyo, Yokohama and other cities and towns were burnt to the ground overnight. . . . Whilst we deplore the happenings of such calamity under our own rule, it is beyond human will or effort to prevent the inexorable convulsions of nature."

—From the "Imperial Rescript on Reconstruction," September 12, 1923.

MONDAY, the 57th anniversary of the Great Kanto Earthquake, will be commemorated by 4m Japanese when they participate in the biggest earthquake disaster prevention "dry run" ever staged.

Japan is expected to spend ¥2,000bn (£3.8bn) this year alone on earthquake disaster prevention, a sum which approaches last year's national defence budget. Tokyo, in its Five-Year-Plan to 1982, will have spent ¥1,400bn (about £280 for each of its 11m citizens).

About 10 per cent of the measurable earthquakes in the world occur in Japan, so the country is not just suffering a bout of earthquake "paranoia". On the contrary, most Japanese tend to be fatalistic about tremors to the point of neglect. Until 1970, Tokyo, which suffered more than 140,000 fatalities in 1923, had no coherent plans to cope with another major earthquake.

"The feel about big earthquakes was that they come about once every 100 years and therefore nothing can be done," explains the chief of Tokyo's disaster prevention planning section.

Two academic studies have dramatically altered that feel-

ing of complacency. The first in 1969 said that major earthquakes in the Kanto plain area (including Metropolitan Tokyo, Kanagawa, Saitama and Chiba prefectures — roughly 38m people) will occur every 69 years, give or take 13 years. That means that Tokyo is theoretically already in the "danger" period for a repeat of the 1923-size quake illustrated here. In addition, potentially very destructive, but geographically more limited, "shocks" tend to hit the region every 40 years. The last of these was recorded just north-west of Tokyo in 1931.

Since 1970, the Tokyo Metropolitan Government has launched two plans to prepare, initially for a mildly destructive tremor of 5 on the Japanese intensity scale of 7. In 1978, planning began for a 6—the intensity of the Great Kanto Earthquake.

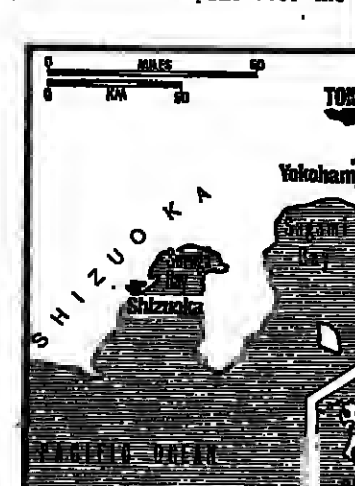
(The Japanese method of measuring the intensity of an earthquake indicates the degree to which the shock waves are felt. There are about 10,000 tremors a year around Japan, many of which happen in the sea and are not felt on land. The popular open-ended measurements of the magnitude of an earthquake, such as the Richter scale, attempt to measure the strength of the quake at its centre. The great Kanto quake, centred in Sagami Bay, registered 7.9 on the Richter.)

The second, and more important, revelation came in 1976, when seismologists established, using theories on the movement of earth "plates" (known as plate tectonics) that an earthquake on the scale of the Great Kanto Earthquake would strike an area just 40 kilometres south-west of Tokyo, centred on Suruga Bay.

The evidence, now considered irrefutable by the scientific community and the Govern-

ment, is that a plate, dubbed the Philippine Plate, is colliding with the Asian Plate (roughly the main Japanese island of Honshu) at a rate of 10-20 centimetres a year, creating a springboard effect which will come unheeded off the coast of Shizuoka Prefecture. The resulting quake will hit an industrialised area populated by nearly 6m people with the intensity of 6 on the scale of 7, or the same force of the 1923 shock, and 5 in downtown Tokyo. The quake has been named "Tokai" after the region it will devastate most thoroughly.

The Tokai earthquake is probably the first "predictable" earthquake in history. About \$44m has been spent over the



past five years to create what Japan claims is the most sophisticated earthquake early-warning system in the world, linking more than 70 sensing devices to an on-line real-time computer located in the Meteorological Agency's Tokyo headquarters. Twenty-four hours a day, the agency monitors these devices for abnormal signs of seismic

activity in the Tokai region. Mr. Shigeji Suyehiro, the agency's director of observations, believes that the quake will have occurred by the end of this century, at the latest. Worrisome signs, however, could appear any time. Last month, for example, a twice-yearly check revealed that the slow



sinking of the land since 1962 in the targeted zone may have reversed itself.

If proved correct this would indicate the plate is preparing to snap. Unless further corroboration is found, Mr. Suyehiro says, the best interpretation of such information is that Tokai may happen in another four or five years.

What is important is that the Government will definitely know in advance that the Tokai earthquake is about to occur. How it should act on such information has been the subject of an intense debate in and out of the government. The men who finally issue an earthquake warning (there have been none



so far) risk creating a general panic which might only add to the dangers of the quake itself.

The plan of action which emerged over the past four years to prepare for the pending disaster and its aftermath amounts to a life or death test of the same organisational and social strengths which made Japan an economic super-power. Appropriately enough, the final evaluation of the data showing earthquake danger signs has been left to a committee.

The basic outline of the plan, made official in 1978 under the "Large Scale Earthquake Countermeasures Act," is as follows. At the first sign of danger, the Meteorological Agency contacts the head of a six-man committee of seismo-

gists. If he determines the information is serious enough to call the full committee, a chain of events is set off, leading to a formal warning from the Prime Minister.

Television, radio and other media (after two years' heated arguing) won the right to tell the public the bad news exactly 30 minutes after the committee meeting is called.

What the Japanese public will be told is simply that within the following two or three days there is the strong possibility of a large earthquake centred around Tokyo. By that time police, fire and other key emergency units will have taken up their positions. As in an essential Beckett play, the waiting will begin.

It is virtually impossible to predict accurately just how much damage will result from the Tokai earthquake. The area has a great deal of industry and there are large population centres bordering directly on Suruga Bay where the quake will originate. They will suffer the double punch of the peak shock, followed by tidal waves and fires. Early warning will allow certain highly vulnerable areas to be evacuated, but most people will have to stay put, try to contain fires and hope that stocks of food and water are adequate.

It may be small comfort to the citizens of Tokyo, but officials believe that the Tokai quake will cause comparatively little physical damage to the city.

There is a great deal of concern, however, over how the public will react to the Tokai earthquake warning. It is feared that if the warning comes in the middle of the working day, the already overtaxed commuting system will be paralysed by workers trying to rush home.

The picture becomes even grimmer for Tokyo, however,

when considering what will happen if a big quake is centred closer to Tokai. (There is no lack of threatening pressure zones. One on the opposite side of Tokyo has been building up for more than 200 years.) If an earthquake of intensity 6 does strike, an official study reports that 35,000 people may die and 470,000 wooden buildings will be destroyed by fire in Tokyo alone. Officials claim that the damage and loss of life estimates should fall about 30 per cent by the time the latest anti-disaster programme is completed in 1982.

The programme's most expensive projects are those which involve construction, such as creation of a string of earthquake disaster-proof housing projects. These will double as evacuation centres for some of the 600,000 people who live in crowded areas below sea level near the Sumida River where tens of thousands died in 1923 from fires. Less expensive items include linking up earthquake-sensitive cash to an early warning computer system, still in the experimental stage.

Perhaps the greatest obstacle faced by the Government in its attempts to prepare for disaster is simply the fact that very few Tokyoites have experienced a large quake, although smaller shakes are frequent. There has not been an earthquake-related fatality in the city since 1923.

Surprisingly, Japanese companies, until very recently, appear to have been equally ill-prepared for a major earthquake. According to one estimate by a businessmen's association, only about 20 per cent of the major Japanese companies have adequately taken account of the possibility. Many corporations are only just beginning to wake up to the potential for damage to vital computer systems, for example, and there are no accurate

statistics of how many companies could take care of employees in the event of disaster.

The contrasts are sometimes sharp even between companies which have manufacturing plants within the endangered Tokai region. Honda Motor Company is probably one of the most far-sighted corporations, having decided in 1976 to spend about ¥600m to reinforce its plants against quakes, particularly one in Hamamatsu where the intensity will be at its highest during the Tokai quake. On the other hand, Nissan Motor, with a plant in the same region, says it has not set aside any earthquake funds.

The Japanese economy will not be wrecked by another earthquake, though severe disruptions of life will be inevitable. (The "optimists" might argue that the economy might be stimulated by the construction boom which would follow.) Japan is also a much stabler society than in 1923, when a rash of post-quake violence resulted in the slaughter of thousands of Koreans resident in Tokyo.

The fears of disaster are there, nevertheless. Two days before the Government scheduled its massive earthquake drill, one of Japan's movie studios announced, with much publicity, the opening of its latest disaster film titled "Earthquake Archipelago" — depicting Tokyo suffering every nightmare from subway tunnels flooding to burning cars plunging from elevated superhighways. Much of what is shown, to the chagrin of disaster prevention officials, is overplayed, or simply incorrect. (The underground trains are relatively safe, officials assured this regular commuter.) The reality, however, is that the Japanese have no choice but to prepare for the worst—this time forewarned.

## Weekend Brief

### Monkeys and the tea trade

It may not be quite what Ian Fleming had in mind, but nonetheless the new Bond spy thriller to be shown in commercial television regions at 12.55 pm tomorrow is sure to enthrall a wide audience. In a slight deviation from traditional practice, the first name of the super-spy will be not James but Brooke, and he will be played by a chimpanzee.

For tomorrow marks the debut of the new series of Brooke Bond PG Tips advertisements, which have proved themselves one of Britain's best-loved advertising campaigns. Some 60 adds featuring the chimps have been shown over the last 25 years.

The best-known chimp ad, Mr. Shifter, in which workmen moving a piano downstairs are assisted by liberal lashings of tea, has been shown over 1,000 times, a feat which Brooke Bond hopes will make the Guinness Book of Records.

The chimps have been with PG Tips since its introduction, from a first commercial based on the chimps' tea-party at London Zoo through more sophisticated conceptions featuring hairdressing, mountaineering and dancing chimps. But the new series marks a significant shift away from what their writer, Davidson Pearce's Tony Toller, calls the "slice of life, comedy situation." The feeling behind the move, says Brooke Bond Oxo marketing manager Kevin Chadwick, was that in the traditional format "it certainly solved the problem, but was not fully integrated with the chimp action. We wanted commercials in which the product was an integral part of the story line. And finally, we wanted a character we could use across the media."

The resulting mini-series of advertisements shows the elegant agent fighting off a horde of wily enemies seeking to extract from him "the secret of the PG Tips flavour." Both aides are armed with elaborate electronic gadgetry, including Bond's attache case which, when opened automatically, brews and pours a round of fresh tea. Perhaps the most impressive evidence of the chimps' diligent training is a 15-second ad called "skating rink" in which, against an arctic backdrop, the chimps of the British Tea Service not only skate, but do so over and under obstacles which would daunt the most skilful human sportsman.

Working alongside Toller in the team led by D.P. television head Alan Copp were director Benny Stirling, who has directed 35 PG Tips commercials over eight years, and Sally Bacon, who shouldered the job of bespoke-outfitting every chimp with its costumes and wigs. The simian voices are dubbed by well-known names including Stanley Baxter and Michael Jayston.

The campaign is backed with a £2m budget for 1980-81, which will cover not only the TV commercials, but specially-adapted

Why Brooke Bond has decided to monkey around with its tea-selling chimps . . . how Dreamtime is hurting Australia's Prime Minister . . . literary publishing problems . . . and China's press



Brooke Bond's chimps: solving the riddle of tea sales.

radio versions and supporting advertisements in the Press. For its money, Brooke Bond wants to hold on to the market-leading role which Chadwick says it has in the UK market, with 26 per cent apiece of packet and bag tea.

### The Ghost of the Goanna

An air of irony, if not embarrassment, will surely pervade the ceremony in Washington on Monday night when the Jewish welfare organisation, B'nai B'rith, bestows its president's gold medal for humanitarianism and anti-racism on Australian Prime Minister, Malcolm Fraser.

As Fraser joins the list of illustrious names who have won the medal, a group of his black countrymen will be in Geneva complaining to the UN Committee on Human Rights about racism, discrimination and lack of rights for the aboriginal people of Australia.

Several hours of talks followed by dinner at Parliament House earlier this week between Fraser, five of his ministers and representatives of the National Aboriginal Conference, failed to avert the Geneva mission.

There is irony in the fact that the main complaint being taken to Geneva is not really the fault of the Fraser Government, although it may appear to be because the Federal Government theoretically has responsibility for aboriginals and their welfare. The conflict is between the aboriginals of Noonkanbah pastoral lease 200 km from Fitzroy Crossing in the remote Kimberley area of Western Australia, and the State government headed by Sir Charles Court, over drilling for oil.

Amex Petroleum of the U.S., backed by the Court Government, wants to carry out exploratory drilling for oil on Noonkanbah. Unfortunately the chosen site happens to be Pea Hill, home of the sacred

Gosna spirit who has dwelt there these past 40,000 years, or since what the aboriginals call the Dreamtime, when everything was created. The lizard-like Goannas, which grow to about 3 ft, are a traditional food of aboriginal people and they believe—well some of them anyway—that the Goanna spirit is disturbed by the next wet season will not replenish Goanna stocks at Noonkanbah. It is a classic case of culture clash—the whites want progress, the aboriginals want to retain links with the Dreamtime.

The Fraser Federal government would really rather the whole thing had never happened. A hand-writing press release issued by Senator Fred Chaney, Federal Minister for Aboriginal Affairs "deeply regretted that the Noonkanbah negotiation" and begged that in future "proper negotiation between the aboriginal people and mining companies" be conducted in the interests of everybody involved.

### Looking at the books

The publication of magazines devoted to the arts has never been an occupation that created millionaires. Cyril Connolly's *Horizon* came and went, so did John Lehman's *New Writing*. John O'London's is no more and *New Review* folded after a short life in the seventies, in spite of transfusions of cash from the Arts Council.

But at one time it did look as if Philip Dosse, a 55-year-old former printer's office boy, who founded Hanson Books, had discovered the magic formula. His seven arts magazines, *Books and Bookmen*, *Plays and Players*, *Films and Filming*, *Dance and Dancers*, *Music and Musicians*, *Records and Recording* and *Art and Artists* ran along merrily for years making nobody a fortune, least of all the eminent reviewers who turned

out thousands of words for peanuts "in the cause of the arts," but kept their heads above water and spread a lot of sunshine on the way.

But this week harsh economics caught up with Hanson Books. Dosse announced tearfully that his company was broke, had ceased trading and that there wasn't even enough money to pay the staff. The announcement came as a shock to the magazines' small but devoted army of supporters, many of whom had only two months before paid £10 a head to celebrate Books and Bookmen's 25th anniversary at a Foyle's Literary Luncheon at the Dorchester Hotel.

That had been a day of rejoicing, pundits such as Lord Butler and Michael Foot telling everybody how difficult life would be without Books and Bookmen and a radiant Sally Emerson, the magazine's editor, exclaiming about "our workers' co-operative." Despair seemed far away and the general feeling was that B and B was good for another 25 years.

This weekend Hanson was still fighting for its life. There seemed hopes that Punch might be willing to come to the rescue, and Alan Coren, Punch's editor, certainly seemed in favour, if an arrangement satisfactory to both sides could be made. The company's debts are "five figures" — that is the closest an inquirer can get to the amount.

Dosse has always kept his circulation figures a closely guarded secret. Even contributors who asked him: "Who buys Books and Bookmen?" would be treated to an enigmatic smile, an outpouring of praise for their last article and a couple of extra review copies, perhaps even signed by the author. But he and his editors had a genius for managing their small budget — a typical issue would include reviews by Lord Butler, Harold Acton, Enoch Powell, Lady Diana Mosley, Richard Buckle, Montgomery Hyde and Lord Longford.

Frank Granville Barker, a former editor, once said: "If you can coax a 1,500-word article from Graham Greene for a fiver, there's a job as a Hanson editor for you."

### Power of the press

It has been a bad week for Chinese bureaucrats. At the same time the week has also been something of a triumph for the Chinese Press in its onahdsman role.

On Monday, Song Zhenmin, the Petroleum Minister, was sacked over an oil rig disaster last November in which 72 people were killed. Song apparently tried to cover up the failure of his subordinates to take adequate safety precautions and indeed was accused of falsifying the record. Another, and more senior official, Vice Premier Kang Shien, who has overall responsibility for the oil industry, received what the Chinese quaintly describe as a "demerit." This is regarded as a last warning. One more mistake and Mr. Kang will "on the way of Song."

While China's official media exposes, for the most part, only what it is allowed by the party to expose, there is no doubt a more activist Chinese Press is making life distinctly uncomfortable for officials.

The People's Daily and other branches of the official media have traditionally been employed by groups in power to settle scores against opponents. The difference today is that these scores are less ideological in nature. Bureaucratic rivalry is now a major theme for the Chinese newspapers, as the case of the hapless Song demonstrated. A public attack on a bureaucrat in China's controlled media, if not the heeding of the end, is not far removed from it for the unfortunate official.

This is why the management of China's National Airline, CAAC, which has an appalling reputation among international travellers and domestic users, would have every reason at the moment to be rather nervous about the future.

The People's Daily has been running an extraordinary campaign against CAAC and its management. On August 4, the paper charged that "the first thing is to change the attitude of the leaders who are reluctant to admit existing problems and shortcomings, make no effort to overcome them, and when they do the efforts are not strong enough." This chilling criticism is something akin to a midnight knock on the door.

Another group of officials no doubt spending some sleepless nights are those responsible for the Peking municipality. A stream of articles has appeared in the Peking Daily criticising local authorities for such shortcomings as failure to keep the land around the municipal offices tidy to much more serious problems such as a beer and vegetable shortage.

Contributors:  
Robert Cottrell  
Patricia Newby  
Alan Forrest  
Anthony Walker

## Economic Diary

TODAY — China's Parliament—National People's Congress—convenes in Peking.

MONDAY—Trades Union Congress conference opens at Brighton (until September 6). Vice-President Husni Mubarak of Egypt visiting UK for talks with Mrs. Margaret Thatcher and Ministers. Confederation of British Industry monthly trends survey (August). Publication of UK balance of payments 1980 Pink Book. British Association for the Advancement of Science annual meeting begins, University of Salford (until September 5).

TUESDAY—Major speech by Mr. James Callaghan, Labour Party leader, to TUC conference, UK official reserves (August). Capital issues and redemptions (August). WEDNESDAY—North Atlantic Treaty Organisation (NATO) general assembly meets on Soviet strategy in the Atlantic (until September 6). Advance energy statistics (July). Health and Safety executive annual report.

THURSDAY — Prime Minister begins two-day visit to Orkney and Shetland. UK balance of payments (second quarter). Provisional figures of vehicle production (August). Two-day Financial Times conference "The New Sri Lanka—Opportunities for Business" opens in Colombo. Baroness Young, Minister of State for Education, speaks at annual conference of Association of Preparatory Schools, Christ Church, Oxford. Regional conference of 16 Asian and Commonwealth nations opens in India (until September 8). FRIDAY — Company Liquidity survey (second quarter).

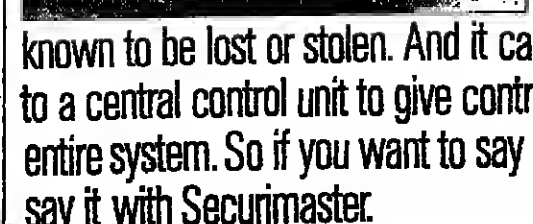
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# Bleak outlook at Alcan (UK)

PROFITS BEFORE tax of Alcan Aluminium (UK) rose from £3.6m to £7.2m in the first six months of 1980 but current cost accounting reveals losses of £5.1m compared with a £4.3m deficit in the same period of 1979.

Reconciliations and short-time five months 1980 1979 Sales 177.7 149.3 Added value 53.8 42.0 Trading profit 14.1 3.1 Other income 0.4 0.7 Interest 7.3 5.2 Profit before tax 7.2 3.5 Tax 1.0 0.8

\* Depreciation charged £5.1m (£4.7m) working in some of the group's businesses are already occurring and it is quite possible that a loss will be incurred in the second half of the year. Mr. D. A. Pino, chairman, tells shareholders.

The interim dividend is maintained at 3.3p net—last year's total was 6.6p from pre-tax profits of £8.6m. Net earnings

per share are stated as 14p (£4.4p) but on a CCA basis are shown as a 13.6p (£4.4p) loss. The current cost loss is after £5.9m (£2.6m adjusted) cost of sales and other adjustments, additional depreciation of £10.7m (£8.1m) and gearing £4.5m (£2.5m). Interest charged is £7.3m (£5.2m).

Mr. Pino says the first half started well for most of the group's products but there was marked deterioration of demand in the second quarter. Although demand for primary metal remains firm, the current level of orders for semi-fabricated products presents a very bleak picture. In addition, the strength of the pound has continued to hold down price realisations, particularly for sheet products, in both export markets and domestic markets vulnerable to imports, says the chairman.

However, internally, the operating performance at the

## DIVIDENDS ANNOUNCED

Company	Current payment	Date of payment	Corr. of spooling div.	Total last year
Alcan (UK) Int.	3.3	Oct. 24	0.353	4.015
Barker & Dobson Int.	0.94	Jan. 8, 84	—	2.63
BBA Group Int.	1	Dec. 8	—	4.5
Elys (Wimbleton) Int.	5.25	—	5.69	7.5
Gripperods Int.	0.95	Oct. 24	0.7	1.4
Wm. Jacks Int.	1.2	Nov. 5	—	3.14
Scot. Nthrn. Inv. Int.	0.85	—	0.95	1.85
Standard Industrial Int.	—	—	1.4	1.4
Stone-Platt Int.	0.63	Oct. 24	0.63	2.31
Wagon Finance Int.	0.95	—	1.07	1.9
Wiggins Construct.	—	—	—	2.9

Dividends shown pence per share net except where otherwise stated.

\* Equivalent after allowing for scrip issue. † On capital increased by rights and/or acquisition issues. ‡ Gross throughout.

£ On 10p shares. † For 18 months.

Lynemouth smelter and the major rolling mill at Rogerstone, Gwent, has continued to improve.

A summarised balance sheet at June 30 shows shareholders' funds of £117.1m (£109.4m at December 31, 1979) with total borrowings at £94.1m (£91.1m) and working capital of £23.5m (£17.5m).

# £2.5m midterm loss by Stone-Platt

AS anticipated, Stone-Platt Industries has incurred a loss—£2.48m before tax—for the first half of 1980 but Sir Geoffrey Hawkins, chairman, repeats his expectation that the group should earn a profit before tax in the second six months.

However, it is too early to forecast whether this will be sufficient to extinguish the first half loss, Sir Geoffrey says.

The first half result compares with a £738,000 profit in the same period last year and a £2.48m loss at the end of 1979. The group makes and markets textile machinery, marine and mechanical engineering products, pumps and electrical equipment.

The first half deficit is after increased interest charges of

£3.26m (£2.22m). Estimated tax which arose almost entirely on overseas profits amounted to £1.5m (£1.87m) producing a net loss of £2.81m against £1.4m.

The chairman says these results are better than the projections made in March when the group entered into new arrangements with its bankers. The preference dividend has been maintained and paid on June 30 but no interim ordinary is being declared.

The Board will be considering the question of declaring a nominal interim dividend later in the year—an interim of 1.4p was declared last year but the final was omitted.

Pre-tax loss per share is stated as 6.2p against 1.6p earnings and net loss per share is 9p (£2.8p). At June 30, borrowings totalled

£47.5m compared with £47.2m at April 26 and with £39.9m at the end of last year. Borrowings are comfortably within the facilities available to the group, the chairman says. Cash balances at the end of June totalled £2.4m.

The continuing strength of sterling, high inflation in the UK, high interest rates and the general world recession mean that trading prospects will remain difficult in most divisions, Sir Geoffrey states. However, the order book has increased along with a modest fall in interest rates and inflation.

The programme of selective disposals is proceeding. Earlier this month arrangements were concluded to sell the Stomcor group of companies in South Africa and during July the sale of the premises of SPE (McColl)

in Australia was completed.

Both disposals were at or in excess of net asset values and the net proceeds of approximately £2m are being applied to the reduction of borrowings in the UK, Australia and South Africa. Other negotiations are proceeding and announcements will be made at the appropriate times, the chairman adds.

£m	1980	1979
Sales	96,301	102,728
Profit	783	2,959
Interest payable	2,353	2,219
Loss before tax	2,480	1,728
Estimated tax	1,184	1,874
Net loss	3,664	1,136
Minority interest	100	24
Pre-tax loss	3,764	1,160
Attrib. loss	3,630	1,168

\* Profit.

Lex, Back Page

# Peerless rises to £3.8m but warns about the current year

On turnover up from £26.9m to £31.7m, profits of Peerless, made public in May, amounted to £3.8m to the year to March 31 last compared with £3.7m for the corresponding period. The surplus was struck before tax and £275,829 (£146,317) share of losses of discontinued activities.

In their offer for sale document the directors forecast that profits would be not less than £3.5m on turnover of not less than £33.3m. They would be no further dividend in respect of the past year, but the Board now says it remains the intention to declare an interim dividend in respect of the year to March 31 next.

After a much bigger tax charge, up from £1,488 in £754,061, the net surplus was down from £3.13m to £2.77m.

There was also an extraordinary debit of £340,000, the provision for the estimated cost of the offer of shares to the public, and a write-off of goodwill amounting to £31,000 arising from the acquisition of subsidiaries during the year.

Dividends paid prior to the offer for sale absorbed £128,172 (£138,528) leaving a retained

profit transferred to reserves of £2.22m (£2.91m). Earnings per 35p share fully diluted are given as 21.5p (£4.2p).

The directors say that the company has not escaped effects of the recession unscathed but some sectors of the business continue to perform extremely well in difficult circumstances. However, unless there is a marked improvement in the second half it will be unlikely that results for the year to March 31, 1981, will match those now reported.

They add that it is felt that the company's performance will compare favourably with other companies carrying on similar business.

The company's activities include the manufacture of plastic containers, central heating system controls, electronic taxi meters, brass and plastic water fittings and kitchen cabinets.

comment

Peerless has beaten its profits forecast by £545,000. Unremarkable enough since the prediction was made a couple of months after the year ended. However Peerless has missed its

sales forecast. The shortfall is evidently the result of different treatment of sales to a distributor which was acquired during the year. The discrepancy is not material but it is surprising considering the plethora of accounts, bankers and brokers that scrutinised the prospectus. Since the May offer document trading has dramatically changed. Then Peerless was talking about encouraging short-term prospects by all but brass components. Admittedly order books for its four main divisions are always short and any weakness evident prior to the prospectus date might have been attributed to customer destocking after a build up to get stock relief for tax purposes. But it is now obvious that the recession is hitting deep and Peerless will produce lower profits this year. So far the forecast dividend of 6.3p looks safe enough for a yield of 12.3 per cent. Offered to the public at 100p the shares now stand at 73p and no matter how good the explanations, the market is never impressed when things go wrong so soon after an issue. It could take time for Peerless to live it down.

The retail company, Lewis Meeson, showed an improvement in profits from £176,000 to £258,000. Comparison is confused, however, by the closure of Oakeshott's, the sale of unprofitable branches and transfer of the administration from Harrow to Liverpool.

The directors say there is no indication yet that demand is recovering, although there is some indication that retail and wholesale destocking has come to an end.

In the existing state of the industry which continues to suffer from serious overcapacity, the group is undertaking further rationalisation of its production facilities.

These changes are inevitably costly and no benefit from them can be expected in the current year, they state.

A sharp increase to bank interest charge from £156,000 to £282,000, arose from higher interest rates although borrowings were reduced.

32 weeks to 1979-1980

£m	1979-1980	1980-1981
Sales	31,220	21,488
Cost of sales	17,850	12,821
Gross profit	14,052	8,302
Less inter-company	362	708
Trading profit	248	1,406
Minority interest	24	24
Profit	269	1,778
Central expenses	289	210
Central interest	326	184
Loan stock interest	164	188
Associates' share	52	76
Share of profits	248	1,406
Less before tax	487	1,910
Tax charge	8	165
Profit after tax	479	1,745
Extraordinary dividend	42	1,711
Available loss	463	1,544
Ordinary dividend	154	278
Profit on sale of share	12	150
Leaving loss	517	1,477

\* Loss. † Profit. ‡ Debt. § Credit.

in Hacks Malaysia Sdn. Bhd.

comment

The resumption of dividend payments by Barker and Dobson last year now looks premature to say the least. A fall of perhaps 30 per cent in boiler confectionery volume has helped to push the group back into loss and has established a deficit on reserves. The cost of extrication will be dear, with the Lemons operation in Ireland likely to bear the brunt of rationalisation. By this time next year B & D's balance-sheet will look sorely stretched, though the positive cash flow from the retailing side will offset financing costs to some extent. The Charminnel et Walker acquisition is apparently paying off and advance sales of medicated products looks promising but there is no sign of any recovery in the confectionery market generally, so the short-term prospects are extremely bleak. The shares recovered by 1p yesterday from 10p, their low of the year, and are not for the faint-hearted.

FINAL DIVIDENDS

Company	Announce-ment due	Dividend (p)	Dividend (p)	Dividend (p)
Apax Properties	Monday	0.5	1.1	0.7
British Electric Traction	Thursday	1.883	5.708	1.883
British Petroleum	Thursday	1.5	6.5	2.5
Gann (Rowland)	Tuesday	1.5	—	—
Linford Holdings	Monday	3.0	6.75	3.5
Raybeck	Friday	1.131	2.87	1.31
Whitworth Electric (Holdings)	Monday	—	1.05	—

INTERIM DIVIDENDS

Company	Announce-ment due	Dividend (p)	Dividend (p)	Dividend (p)
Abbey Panels Investments	Friday	1.3	1.5	—
Blackwood Hodge	Thursday	1.0	1.5	—
British Petroleum	Thursday	5.5	12.0	—
Cadbury Schweppes	Thursday	0.95	2.9	—
Charterhouse Group	Thursday	1.8	2.5	—
Church & Dwight	Wednesday	2.2	3.7	—
Claverhouse Int. Trust	Monday	4.0	5.0	—
Croft (Derby)	Friday	1.423	3.158	—
Orons (J. J. Hogg)	Thursday	0.275	0.975	—
Electrical & Industrial Securities	Monday	1.072	2.678	—
Family Investment Trust	Wednesday	2.0	3.5	—
Guardian Royal Exchange Assurance	Wednesday	5.0	8.5	—
Home Counties Newspapers	Friday	2.0	4.0	—
House of Fraser	Tuesday	2.0	4.0	—
House Property Co. of London	Monday	4.0	3.5	—

\* Dividends shown net pence per share and adjusted for any intervening issues. † Includes compensating dividend of 0.0284p to allow for the change in the tax rate. ‡ Second interim. § Includes non-recurring dividend of 0.35p.

comment

Conventional wisdom has it that consumer finance companies prosper when interest rates fall but Wagon Finance must be wondering this time how much of the benefit of lower rates will be offset by the effect of rising unemployment on its arrears and bad debts. The 62 per cent rise in interest charges at the

interim compared to a rise of only 5p in total advances, suggests that cash flow has suffered considerably. With the steel strike and the slump in manufacturing, collections must be particularly difficult in the company's main operating area of Sheffield. Wagon has also provided for a 59 per cent charge on stated pre-tax profit in the first half compared to 55 per cent. Assuming a slight decline in interest rates in the second half, the group might make £1.2m in the full year. The shares dropped 3p yesterday to 41p, indicating a lavish, fully taxed p/e of 16. The yield on a barely covered maintained final would be 8.2 per cent.

comment

After sharply increased interest charges of £3.97m against £2.44m pre-tax profits of the Wagon Finance Corporation plunged to £404,008 in the first six months of 1980, compared with £898,802. On a CCA basis, there was a loss for the period of £694,353.

Earnings, after tax of £239,000 (£392,000), are shown as 0.71p (£1.75p) per 25p share.

The net interim dividend is held at 0.625p—for the whole of 1979, a total of 2.3125p was paid from taxable profits of £2.05m (£2.71m).

Turnover of the group, whose principal activities are banking and the provision of instalment

profit transferred to reserves of £2.22m (£2.91m). Earnings per 35p share fully diluted are given as 21.5p (£4.2p).

The directors say that the company has not escaped effects of the recession unscathed but some sectors of the business continue to perform extremely well in difficult circumstances. However, unless there is a marked improvement in the second half it will be unlikely that results for the year to March 31, 1981, will match those now reported.

They add that it is felt that the company's performance will compare favourably with other companies carrying on similar business.

The company's activities include the manufacture of plastic containers, central heating system controls, electronic taxi meters, brass and plastic water fittings and kitchen cabinets.

comment

Peerless has beaten its profits forecast by £545,000. Unremarkable enough since the prediction was made a couple of months after the year ended. However Peerless has missed its

sales forecast. The shortfall is evidently the result of different treatment of sales to a distributor which was acquired during the year. The discrepancy is not material but it is surprising considering the plethora of accounts, bankers and brokers that scrutinised the prospectus. Since the May offer document trading has dramatically changed. Then Peerless was talking about encouraging short-term prospects by all but brass components. Admittedly order books for its four main divisions are always short and any weakness evident prior to the prospectus date might have been attributed to customer destocking after a build up to get stock relief for tax purposes. But it is now obvious that the recession is hitting deep and Peerless will produce lower profits this year. So far the forecast dividend of 6.3p looks safe enough for a yield of 12.3 per cent. Offered to the public at 100p the shares now stand at 73p and no matter how good the explanations, the market is never impressed when things go wrong so soon after an issue. It could take time for Peerless to live it down.

The retail company, Lewis Meeson, showed an improvement in profits from £176,000 to £258,000. Comparison is confused, however, by the closure of Oakeshott's, the sale of unprofitable branches and transfer of the administration from Harrow to Liverpool.

The directors say there is no indication yet that demand is recovering, although there is some indication that retail and wholesale destocking has come to an end.

In the existing state of the industry which continues to suffer from serious overcapacity, the group is undertaking further rationalisation of its production facilities.

These changes are inevitably costly and no benefit from them can be expected in the current year, they state.

A sharp increase to bank interest charge from £156,000 to £282,000, arose from higher interest rates although borrowings were reduced.

32 weeks to 1979-1980

£m	1979-1980	1980-1981
Sales	31,220	21,488
Cost of sales	17,850	12,821
Gross profit	14,052	8,302
Less inter-company	362	708
Trading profit	248	1,406
Minority interest	24	24
Profit	269	1,778
Central expenses	289	210
Central interest	326	184
Loan stock interest	164	188
Associates' share	52	76
Share of profits	248	1,406
Less before tax	487	1,910
Tax charge	8	165
Profit after tax	479	1,745
Extraordinary dividend	42	1,711
Available loss	463	1,544
Ordinary dividend	154	278
Profit on sale of share	12	150
Leaving loss	517	1,477

\* Loss. † Profit. ‡ Debt. § Credit.

in Hacks Malaysia Sdn. Bhd.

comment

The resumption of dividend payments by Barker and Dobson last year now looks premature to say the least. A fall of perhaps 30 per cent in boiler confectionery volume has helped to push the group back into loss and has established a deficit on reserves. The cost of extrication will be dear, with the Lemons operation in Ireland likely to bear the brunt of rationalisation. By this time next year B & D's balance-sheet will look sorely stretched, though the positive cash flow from the retailing side will offset financing costs to some extent. The Charminnel et Walker acquisition is apparently paying off and advance sales of medicated products looks promising but there is no sign of any recovery in the confectionery market generally, so the short-term prospects are extremely bleak. The shares recovered by 1p yesterday from 10p, their low of the year, and are not for the faint-hearted.

FINAL DIVIDENDS

Company	Announce-ment due	Dividend (p)	Dividend (p)	Dividend (p)
Apax Properties	Monday	0.5	1.1	0.7
British Electric Traction	Thursday	1.883	5.708	1.883
British Petroleum	Thursday	1.5	6.5	2.5
Gann (Rowland)	Tuesday	1.5	—	—
Linford Holdings	Monday	3.0	6.75	3.5
Raybeck	Friday	1.131	2.87	1.31
Whitworth Electric (Holdings)	Monday	—	1.05	—

INTERIM DIVIDENDS

Company	Announce-ment due	Dividend (p)	Dividend (p)	Dividend (p)
Abbey Panels Investments	Friday	1.3	1.5	—
Blackwood Hodge	Thursday	1.0	1.5	—
British Petroleum	Thursday	5.5	12.0	—
Cadbury Schweppes	Thursday	0.95	2.9	—
Charterhouse Group	Thursday	1.8	2.5	—
Church & Dwight	Wednesday	2.2	3.7	—
Claverhouse Int. Trust	Monday	4.0	5.0	—
Croft (Derby)	Friday	1.423	3.158	—
Orons (J. J. Hogg)	Thursday	0.275	0.975	—
Electrical & Industrial Securities	Monday	1.072	2.678	—
Family Investment Trust	Wednesday	2.0	3.5	—
Guardian Royal Exchange Assurance	Wednesday	5.0	8.5	—
Home Counties Newspapers	Friday	2.0	4.0	—
House of Fraser	Tuesday	2.0	4.0	—
House Property Co. of London	Monday	4.0	3.5	—

\* Dividends shown net pence per share and adjusted for any intervening issues. † Includes compensating dividend of 0.0284p to allow for the change in the tax rate. ‡ Second interim. § Includes non-recurring dividend of 0.35p.

comment

Conventional wisdom has it that consumer finance companies prosper when interest rates fall but Wagon Finance must be wondering this time how much of the benefit of lower rates will be offset by the effect of rising unemployment on its arrears and bad debts. The 62 per cent rise in interest charges at the

interim compared to a rise of only 5p in total advances, suggests that cash flow has suffered considerably. With the steel strike and the slump in manufacturing, collections must be particularly difficult in the company's main operating area of Sheffield. Wagon has also provided for a 59 per cent charge on stated pre-tax profit in the first half compared to 55 per cent. Assuming a slight decline in interest rates in the second half, the group might make £1.2m in the full year. The shares dropped 3p yesterday to 41p, indicating a lavish, fully taxed p/e of 16. The yield on a barely covered maintained final would be 8.2 per cent.

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Turnover of the group, whose principal activities are banking and the provision of instalment

## BIDS AND DEALS

# Hawley Leisure is bidder for Progressive Secs.



## SUMMARY OF THE WEEK'S COMPANY NEWS

## Take-over bids and deals

Security Exchange, a wholly-owned subsidiary of Gresham House, acting on behalf of the unlisted Welsh Investment Trust, made a conditional offer for Limestone the troubled butcher and Nominees' bid for the company. The offer of 280p per share cash is on the same terms as Greewalk's. If the independent shareholders accept, Mr. C. M. Sticher, Limestone's chairman, will receive 280p per share for his holding. The price differential is the £90,000 loss expected as a result of the liquidation of Gilmore and Partners, the Smithfield meat traders.

Tien Ik Enterprises' intended bid of 105p per share cash for the 14 per cent of Tanjong Tin Dredging it does not already own has been overtaken by a 115p per share cash bid for the latter from Pahang Consolidated. Pahang already owns 29.8 per cent of Tanjong.

Company bid for	Value of bid share** price**	Market price**	Price before bid	Value of bid share** price**	Bidder	Final Acc'tee date
B & Q (Retail)	85*	80	66	1.66	F. W. W. W. W.	—
Christy Bros.††	30*	41	33	0.80	Simon and Coates	—
County and Dist. Props.	190*	184	195	16.35	—	—
Kayser Bondor	100**	48	56	0.67	—	—
Lidstone	280*	305	290	0.51	Security Exchange	—
Macintyre (Lond.)	30*	30	23	0.38	Courtaulds	—
Marshall Cavendish	31*	31	27	4.60	Times Publishing	—
Progressive Secs.	112†††	107	91	2.51	Hawley	—
Reverter	475†	46	44	6.89	Yule Cattin	12/9
RTD	54*	10	64	0.12	Simon and Coates	—

Company bid for	Value of bid share** price**	Market price**	Price before bid	Value of bid share** price**	Bidder	Final Acc'tee date
Tanjong Tin	115*	118	115	1.20	Pahang Cons.	—
Wilkinson Match	187*	178	180††	29.73	Allegheny	—

## PRELIMINARY RESULTS

Company	Year to	Pre-tax profit (£000)	Earnings* per share (p)	Dividends* per share (p)
Assoc. Dairies	May	49,580	(41,000)	1.80 (12.3)
Brown Brothers	June	4,160	(3,180)	8.8 (6.5)
Crouch Group	Mar.	693	(780)	15.5 (17.3)
Deborah Services	Mar.	1,380	(1,210)	20.2 (19.4)
Erskin House	Mar.	46	(134)	2.3 (4.1)
Monnifield Grp.	Apr.	740	(347)	17.3 (8.6)
Portmex	Apr.	359	(176)	25.4 (10.4)
Stocks (Joseph)	Mar.	663	(856)	13.0 (13.7)
Stoddard Bldgs	May	86	(765)	2.0 (9.5)
Victor Products	Apr.	1,750	(1,580)	17.9 (17.7)

## Scrip Issues

Associated Dairies—One for three.

## Rights Issues

Blue Circle Industries—Rights issue on the basis of one for five at 300p per stock unit to raise £47m.  
Queens Meat—Rights issue up 104 per cent Unsecured Loan Stock at a par value of £1 to raise £27m.  
Spencer Gears—Rights issue on the basis of one for one at 13p per 5p share to raise £1.1m.

## INTERIM STATEMENTS

Company	Half-year to	Pre-tax profit (£000)	Interim dividends* per share (p)
Blue Circle Inds.	June	34,200	(20,800)
Brammer (H.)	June	3,230	(2,946)
Cement N'dstone	July	13,535†	(11,073)†
Fairclough Cons.	June	4,210	(4,070)
Fife Forge	June	201	(102)
Hill & Smith	Mar.	516	(310)
I.C.I.	June	224,000	(260,000)
JMI	June	17,100	(13,500)
Johnson Matthey	June	10,230†	(9,680)†
Kode International	June	662	(604)
Ladbroke Group	July	14,070	(16,800)
Loc Refrigeration	June	1,220	(302)
Lovell (G.F.)	Apr.	87	(124)
Marchwell	Apr.	440	(3,420)
Mixconcrete	May	731	(242)
Noble & Land	June	64	(58)
Pearl Assurance	June	3,050†	(4,490)†
Pentland Inds.	June	419	(322)
Plessey	June	18,645†	(13,170)†
Provincial Ltd.	June	361	(121)
Queens Meat	July	471	(322)
Quirk (H. & J.)	June	103	(848)
Robinson (Thos.)	June	21	(176)
Robur	June	1,710†	(802)†
Rohm	June	1,480	(1,430)
Royal Worcester	June	1,490	(1,440)
Scott Agricultural	June	1,800	(1,700)
Sharpe & Fisher	June	581	(473)
Slaughter Estates	June	5,650	(4,480)
Sunbeam Wolsey	June	42†	(504)†
Ward Buildings	Apr.	813	(866)
Yorkshire Chem.	June	408	(348)

(Figures in parentheses are for corresponding period.)  
\* Dividends shown net except where otherwise stated. † First quarter. ‡ Net profits. † Figures in IRE.

## BASE LENDING RATES

A.B.N. Bank	16 %	Hambros Bank	16 %
Allied Irish Bank	16 %	Hill Samuel	16 %
American Express Bk.	16 %	C. Hoare & Co.	16 %
Amro Bank	16 %	Hongkong & Shanghai	16 %
Bank of America	16 %	Industrial Bk. of Scot.	16 %
Bank of Canada	16 %	Keyser Ullmann	16 %
Bank of China	16 %	Knowles & Co. Ltd.	16 %
Bank of Cyprus	16 %	Langris Trust Ltd.	16 %
Bank of India	16 %	Lloyds Bank	16 %
Bank of Japan	16 %	Edward Manson & Co.	16 %
Bank of N.S.W.	16 %	Midland Bank	16 %
Bank of New Zealand	16 %	Samuel Montagu	16 %
Bank of Oman	16 %	Morgan Grenfell	16 %
Bank of Persia	16 %	National Westminster	16 %
Bank of Portugal	16 %	Norwich General Trust	16 %
Bank of Siam	16 %	P. S. Refson & Co.	16 %
Bank of South Africa	16 %	Rossminster	16 %
Bank of Sweden	16 %	Ryl. Bk. Canada (Ldn.)	16 %
Bank of Switzerland	16 %	Schlesinger Limited	16 %
Bank of Taiwan	16 %	E. S. Schwab	16 %
Bank of Tokyo	16 %	Security Trust Co. Ltd.	16 %
Bank of Victoria	16 %	Standard Chartered	16 %
Bank of Western Australia	16 %	Trade Dev. Bank	16 %
Bank of Yugoslavia	16 %	Trustee Savings Bank	16 %
Bank of Zanzibar	16 %	Twentieth Century Bk.	16 %
Barclays Bank	16 %	United Bank of Kuwait	16 %
Bremer Holdings Ltd.	16 %	Whiteaway Ltd.	16 %
Brit. Bank of Mid. East	16 %	Williams & Glyn's	16 %
Brown Shipley	16 %	Winttrust Secs. Ltd.	16 %
Canada Perm. Trust	16 %	Yorkshire Bank	16 %
Cayzer Ltd.	16 %		
Cedar Holdings	16 %		
Charterhouse Japhet	16 %		
Choulatons	16 %		
C. E. Coates	16 %		
Consolidated Credits	16 %		
Co-operative Bank	16 %		
Corinthian Secs.	16 %		
The Cyprus Popular Bk.	16 %		
Duncan Lawrence	16 %		
East Trust	16 %		
E. T. Trust Limited	16 %		
First Nat. Fin. Corp.	16 %		
First Nat. Secs. Ltd.	16 %		
Robert Fraser	16 %		
Robson & Co.	16 %		
Greyhound Guaranty	16 %		
Grindlays Bank	16 %		
Guinness Mahon	16 %		

## The Thomson Organisation Limited INTERIM STATEMENT

The whole of the issued ordinary share capital of The Thomson Organisation Limited (TTO) is owned indirectly by International Thomson Organisation Limited. This advertisement appears for the information of the preference shareholders and the holders of the debenture stocks and unsecured loan stock of TTO.

The unaudited results of the group for the half year to 30 June 1980 with comparative figures are as follows:

	Half year to 30 June 1980	1979
Turnover	£2,000	£2,000
Trading profit (loss)	2,808	(3,523)
Interest	1,865	(747)
Associated companies	627	828
Profit (loss) before taxation	5,300	(3,442)
Taxation	(3,042)	1,207
Minority interest	(485)	(279)
Preference dividends	1,773	(2,514)
	1,289	(2,998)

29 August 1980

## M. J. H. Nightingale &amp; Co. Limited

27/28 Lovat Lane London EC3R 8EB Telephone 01-621 1212

1979-80	Company	Price	Gross Yield	% p/e
88	21 Airsprung	52	8.7	12.9
50	21 Airsprung and Rhodas	21	3.6	18.1
170	924 Bardon Hill	170	9.7	5.7
101	74 County Cuts 10.7% Pt.	74	15.3	20.7
101	63 Gellorah Ord.	88	5.5	5.6
125	88 Frank Horsell	125	7.9	6.3
129	68 Fiddler Parker	68	11.0	16.2
156	35 George Blair	88	16.5	12.7
84	45 Jackson Group	82	6.0	7.3
163	103 James Burrough	120	-1	7.9
305	242 Robert Jenkins	305	31.3	10.2
232	178 Torday	220	15.1	6.9
34	10 Twinkl Ord.	124	-	-
90	70 Twinkl 15% ULS	85	15.0	17.6
55	23 Ullrich Holdings	47	3.0	6.4
100	42 Walter Alexander	100	5.7	5.7
245	130 W. S. Yates	245	12.1	4.8

\* Accounts prepared under provisions of SSAP 15.

## Standard Industrial improves

TAXABLE PROFITS of Standard Industrial Group rose to £429,795 in the year to June 30, 1980, compared with £387,470 for the corresponding period of 1979 and £479,000 for the 18 months to June 30, 1979.

Sales of the group, which imports watches and clocks and manufactures precision instrumentation and components, went ahead in the year from £7.6m to £9.29m.

A final of 0.95p makes a total dividend of 1.85p net, against 2.86p for 18 months, and absorbs £84,836 (£127,333).

After tax of £27,283 (£63,099), earnings per 25p share are shown as 5.57p (6.94p).

## Travelodge ahead in third quarter

Third-quarter net profits of Travelodge International Inc., a member of the Travelodge Group, rose from \$1.92m to \$2.36m giving a figure for the nine months to July 31, 1980, of \$4.95m, compared with \$3.99m.

Earnings per share in the third quarter were \$1.1 (89 cents) making \$2.3 (\$1.86) for nine months, which includes a gain of 17 cents per share from the sale of property.

Third-quarter turnover was ahead from \$21.9m to \$23.1m giving a total to date of \$62.3m (\$59.2m).

## Wm. Jacks cuts interim payout

Despite turnover rising from £7.08m to £7.47m in the six months to June 30 last, taxable profits of William Jacks fell to £195,199 compared to last time's £222,473.

In their last annual report the directors warned that profitability would be drastically affected by the rise in MLR, discounting and rising petrol prices.

The company is an overseas trader, motor car distributor and retailer and is a subsidiary of William Jacks (Malaya) Berhad.

The interim is reduced to 0.35p net (0.7p). Last time a total of 1.4p was paid on profits of £408,000.

After tax, up from £70,817 to £100,639, attributable profit for the half-year showed a drop to £53,817 (£51,912). Earnings per 25p share are given as 1.73p, against 2.81p.

The directors say the pre-tax surplus was struck after a deduction of £38,952 being exchange losses arising from the devaluation of the Malaysian Kwacha in terms of sterling. They add

that the larger tax provision was firstly due to proportionate tax changes in Zambia on increased profits and secondly, to provisions in the UK for possible tax that could arise.

In the motor division turnover is on budget. But directors say they have had to accept lower margins on sales and pay significantly higher charges for the use of money.

They warn that until manufacturers cut production to balance sales, unsold stocks of cars are cleared from storage sites and competitors adjust their burdensome stocks to manageable limits, they foresee a difficult 12 months ahead. But they are confident the division can maintain sales, although profit here will be down compared with last year.

The cost of gearing in the finance division over the last six months has resulted in reduced profitability. The customer bank is sound and business can be expanded but gearing at the present MLR means the division

is handling marginally profitable business. In overseas trading, the Zambian operation has exceeded its budgeted turnover and profitability.

## Interim fall for Elys of Wimbledon

Despite lower interest charges of £12,764 against £24,074 and depreciation of £20,538 compared with £26,961, taxable profits of Elys (Wimbledon), department store and draper, fell from £88,501 to £24,263 in the 26 weeks to August 2, 1980.

The interim dividend is held at 1p for the last full year, a total of 4.5p was paid from pre-tax profits of £347,109 (£310,519). Turnover in the first half was little changed at £3.11m (£3.03m). Tax took £12,617 (£34,580).

## Fitch Lovell expansion plans

IN HIS annual statement Mr. Mitchell Webster, chairman of Fitch Lovell, food group, reports that plans for the group's development involve substantial capital expenditure on certain operations, the potential for the development of which has been identified.

Selective acquisitions of businesses complementary to, or compatible with, present operations and the group's resources is also contemplated.

Mr. Webster says that these plans will be reinforced by further improvement in operating efficiency and by necessary rationalisation of current activities.

For the future, Mr. Webster says that the progress made last year has well placed the group to cope with the challenges and opportunities presented by the current economic climate.

## Better outlook for Geo. Bassett

The remedial action taken and the concentration on improving operating efficiency were putting Geo. Bassett Holdings, confectionery maker, in a strong position to take positive advantage of the improved trading situation when the economy picked up, Mr. W. R. Mills, the chairman, said at the annual meeting.

In its last trading year to end March, 1980, the group incurred pre-tax losses of £1.24m, against profits of £1.33m previously. Severe losses incurred in the export of sugar confectionery were currently being reduced by vigorous action, while de Faam in Holland, which also suffered serious losses last year, was now

in profit. In four confectionery, Paterson's Scottish Shortbread was recovering its momentum through an aggressive drive in export markets and was developing a new product development programme.

GDS Transport had been brought back into profits after its heavy losses last year.

In the longer term, the group was planning a steady re-expansion of confectionery profits through a policy of re-designing its products to suit changing trends.

Major incursions were also being planned into the large markets of the developing countries, in which rising populations and standard of living, would produce a higher consumption of confectionery for Bassett to exploit.

## BUILDING SOCIETY RATES

	Deposit rate	Share accounts	Sub'n shares	*Term shares
Abbey National	10.25	10.50	11.75	12.50 5 yrs., 12.00 4 yrs., 11.50 3 yrs.
Aid to Thrift	10.85	11.37	—	—
Alliance	10.25	10.50	11.75	12.50 5 yrs., 11.75 3 mths.
Anglia	10.25	10.50	11.75	13.00 6 yrs., 12.50 5 yrs.
Bradford and Bingley	10.25	10.50	11.75	11.25 one month's notice deposit
Bridgwater	10.25	10.50	12.00	12.50 5 yrs., 12.00 4 yrs., 11.50 2½ yrs.
Bristol and West	10.25	10.50	11.75	—
Bristol Economic	10.25	10.50	11.75	10.75 3 months
Britannia	10.25	10.50	11.75	12.50 5 yrs., 11.25 3 months' notice
Burnley	10.25	10.50	11.75	12.50 5 yrs., 12.00 4 yrs., 11.50 3 yrs.
Cardiff	10.50	11.50	12.50	—
Catholic	10.05	10.75	11.65	Share a/c's 10.95 over £5,000
Chelsea	10.25	10.50	11.75	12.50 5 yrs., 12.00 4 yrs., 11.50 3 yrs.
Cheltenham and Gloucester	10.25	10.50	11.75	12.50 5 yrs., 12.00 4 yrs., 11.50 3 yrs.
Cheltenham and Gloucester	—	11.50	—	Premium shares including 1.00 bonus p.a. (£15,000 or £20,000)
Citizens Regency	10.25	10.85	12.05	12.85 5 yrs., 12.35 4 yrs., 11.85 3 yrs.
City of London (The)	10.50	10.80	11.80	12.00 Capital City shares—4 mth. not.
Coventry Economic	10.25	10.50	11.75	12.00 4 yrs., 11.5 3 yrs., 11.25 3 mth. not.
Coventry Provident	10.25	10.50	12.50	12.55 av. 5 yrs., 12 4 yrs., 11.25 3 mth.
Derbyshire	10.25	10.50	11.75	11.30 3 months' notice
Ealing and Acton	10.25	11.00	—	11.65 2 years, £2,000 minimum
Gateway	10.25	10.50	11.75	12.50 5 yrs., 12.00 4 yrs., 11.50 3 yrs.
Greenwich	10.25	10.50	11.75	12.75 5 yrs., 12.25 4 yrs., 11.75 3 yrs.
Guardian	10.25	10.50	11.75	12.25 6 mth., 11.75 3 mth., min. £1,000
Halifax	10.25	10.50	11.75	12.50 5 yrs., 12.00 4 yrs., 11.50 3 yrs.
Heart of England	10.25	10.50	11.75	12.50 5 yrs., 11.00 3 mth. notice
Hearts of Oak and Enfield	10.25	10.75	12.25	12.00 4 yrs., 11.75 3 yrs., 11.50 2 yrs.
Hendon	10.75	11.00	—	12.00 6 months, minimum £2,000
Huddersfield and Bradford	10.25	10.50	11.75	12.50 6 yrs., 12.00 4 yrs., 11.50 3 yrs.
Lambeth	10.25	10.75	12.50	12.50 5 yrs., withdrawals aft. 18 mths.
Leamington Spa	10.35	10.60	14.19	12.55 5 yrs., 12.30 4 yrs., 11.80 3 yrs.
Leeds Permanent	10.25	10.50	11.75	12.50 5 yrs., 12.00 4 yrs., 11.50 3 yrs.
Leicester	10.25	10.50	11.75	12.50 5 yrs., 12.00 4 yrs., 11.50 3 yrs.
Liverpool	10.25	10.50	11.95	12.5







Alfa-Laval  
ahead on  
higher  
turnover

By Our Stockholm Correspondent

ALFA-LAVAL, the Swedish manufacturer of farm, dairy, food processing and industrial equipment, recorded a profit of SKr 183m (\$44.2m) for the first half of this year, a gain of SKr 30m over the comparable period. Group sales rose to SKr 2,541m (\$679m) at the end of June, an 18 per cent increase.

It is expected that consolidated turnover will reach a higher level in the past six months of this year than that attained during the first half. For the year as a whole, sales are expected to improve by 15 per cent compared with 1979. Last year, group sales reached SKr 5,496m.

Alfa-Laval also predicts an improvement in the overall financial result for this year. During 1979, the pre-tax profit totalled SKr 301m, but the exact figure for this year's profit was given.

Orders at the end of June amounted to SKr 3,366m, ahead by 9 per cent. For 1980, the management forecasts that the order backlog "may be expected to remain on a satisfactory level."

It was also stated that it has been possible for the group to maintain a high degree of liquidity in spite of considerable stock increases.

The prediction made in the 1979 annual report of a sharp upturn in sales from the industrial sector materialised during the period as a 20 per cent increase. Order intake for the sector however, which makes food processing, dairy, separation, marine, thermal and other equipment, rose by 5 per cent during the same months. The reason is but a number of orders for new plants were received year.

Volvo interim earnings hit  
by downturn in car sales

BY WILLIAM DUFFLOR, NORDIC EDITOR IN STOCKHOLM

LOWER CAR SALES and the Swedish labour conflict in the spring slashed second quarter earnings at Volvo, leaving it SKr 40m behind its 1979 result at the half-way stage. The Swedish automobile group yesterday posted a SKr 605m (\$144.7m) pre-tax profit for the first half on sales down by 1 per cent at SKr 11,571m (\$2,786m).

Mr. Pehr Gyllenhammar, the managing director, commented that the situation on the world car market would place a heavier burden "on group earnings during the second six months. Earnings could be expected to be lower than the SKr 598m recorded during the second half of 1979," he stated. This means that Volvo will not repeat last year's earnings of SKr 1,246m.

Earlier this month the Volvo management reached agreement with the Swedish trade unions for short-time working by 6,500 of the 8,500 workers at its Gothenburg car plant from September 22 and on Thursday its Swedish workers accepted by a majority vote a wage settlement well below their initial claims. The car production target for 1980 has been cut to 267,000 vehicles compared with the 320,000 cars built in 1979.

Group second quarter earnings were SKr 220m, equivalent to 3.9 per cent of turnover, against SKr 385m and 6.5 per cent of sales in the first quarter. Some SKr 80m of the decline is attributed to costs incurred from the Swedish strike and lockout in May.

The first-half pre-tax figure is equivalent to 5.2 per cent of sales compared with the 5.5 per cent recorded in the first six months of last year. Adjusted earnings per share work out at SKr 14.30 against SKr 18.30.

Car sales plummeted by 24 per cent during the second quarter compared with the corresponding period last year. The sales figure for the first half was a little under SKr 6bn, down by SKr 695m, 6.6m, to consumers dropped by 26,000 to 135,000 cars.

In contrast to the setback in the car business, Volvo's trucks, buses and construction equipment all improved earnings during the first half. Truck sales were up 14 per cent to SKr 3,170m and while shipments were smaller orders booked grew and lower demand from some traditional markets was offset by new, large orders from other countries.

## Ford Germany output down 20%

COLOGNE—Ford Werke, the West German unit of the Ford Motor Company, has "drastically reduced" its earnings expectations for 1980 after a sharp drop in sales of larger model Fords in the first half. Mr. Peter Weier, the Ford Werke chairman, told the annual meeting.

Mr. Weier said that Ford Werke's car production dropped about 20 per cent in the first half compared with the same period in 1979, mainly because of lower sales of large models. In 1979, Ford Werke earned DM 433m (\$270m) down from DM 549.2m in 1978.

The Ford Werke chairman defended the company's model policy, asserting that no other European maker had invested more in developing small, fuel-saving cars than Ford Werke.

Ford Werke has come under criticism from West German unions and the Press which have accused the company of a mistaken model policy.

Mr. Weier said that immediately after the 1973-74 oil crisis Ford Werke started investments totalling DM 2bn in developing the compact Fiesta model. The new Escort model

which Ford has designed as a compact car to be offered worldwide, has been backed by investments of DM 5bn worldwide, of which DM 2bn were invested in Europe, he asserted.

More important than the question of whether Ford Werke would remain in the black in 1980 was the knowledge that the company, because of its healthy liquidity, could carry out all future investment programmes unchanged, he said.

The West German Ford unit plans to invest DM 3.5bn in new products in 1980.

## Australia revises Companies Bill draft

BY JAMES FORTH IN SYDNEY

THE AUSTRALIAN Government tabled a second exposure draft of its controversial new Companies Bill. Mr. Vic Garland, the Minister for Business and Consumer Affairs, agreed that the Bill was a virtual re-write of the first exposure draft released in April, and was in response to strong criticism of the original Bill from accountants, directors and business generally.

A total of 12 Bills were tabled, several of which related to mechanics. Two Bills provided for amendments to the proposed National Securities Industry Bill, and to take-over legislation—the Companies' (Acquisition of Shares) Bill.

The main Bill, the Companies' Bill 1980, is the basic vehicle under which the recently-established corporate watchdog, the National Companies' and Securities' Commission (NCSS) will operate.

With probable delays by the States to introducing enabling legislation, it is unlikely that the NCSS will be in full operation before late next year.

One of the main changes to the Companies' Bill is a reduction in the discretionary powers of the NCSS. Its powers of inspection have been altered and can only be invoked for specified purposes.

Ericsson  
profits  
lower after  
six months

By Westerly Christner in Stockholm

SWEDISH telecommunications group L. M. Ericsson has posted a drop in pre-tax earnings for the first half of this year, to SKr 300.1m (after currency translation adjustments), from SKr 349.2m for the corresponding period in 1979.

Group sales increased to SKr 4.8bn (\$1.15bn) by the end of June, against SKr 4.4bn. For 1980 as a whole, Ericsson predicts that profit before taxes and special adjustments will be slightly higher than in 1979. Last year the group reported earnings of SKr 736m on sales of SKr 9.33bn and the second is expected to make up for the shortfall of the first six months.

The profit drop was partially caused by "the strained financial position of certain telephone administrations" and restrictions imposed on capital expenditures at some administrations, according to the management. Profits were also adversely affected by the May labour strikes in Sweden.

Sales in Europe accounted for the largest single gain during the six-month period, with the total up to SKr 2,130m, compared with SKr 1.7bn recorded during the same period one year ago. The net increase in group sales was attributed to the consolidation of Selga, a new wholesaling subsidiary.

Group order backlog reached SKr 10.8bn during the period, ahead by SKr 999m. The largest increases involved telephone for public and subscriber exchanges.

Bell Group  
shows  
advance

By Our Sydney Correspondent

BELL GROUP, which was recently involved in a partial bid for Rolls Royce Motors, plans a scrip issue after raising profits by 26 per cent, from A\$4.2m to A\$5.25m (US\$6.1m) in the year to June.

Bell, which is controlled by Mr. Robert Holmes à Court, the Western Australian businessman, has raised its dividend from 7.5 cents a share to 10 cents a share.

The scrip issue will be on a one-for-four basis.

The profit increase was achieved on a 16 per cent rise in sales to A\$84.5m (US\$98m).

McDermott returns  
with higher offer  
for Pullman shares

BY DAVID LASCELLES IN NEW YORK

THE TUSSELE for control of Pullman, the troubled transport engineering concern, heated up yesterday when J. Ray McDermott, the New Orleans manufacturing company and oil rig fabricator, increased its offer. There was no immediate reaction from Wheelabrator-Frye, the New Hampshire company which announced an agreed bid for Pullman last week, but it said it was studying the offer.

McDermott offered \$45.50 in cash for up to 6.3m of Pullman's 11.1m shares outstanding. In addition to the 6,000 or so shares it already owns, McDermott said this would give it 61 per cent of the company. Once this is accomplished, McDermott would try to take over Pullman completely with an offer of its own securities for the remaining Pullman shares.

McDermott's bid is a great improvement on its earlier offer of \$28 for up to 2m Pullman

shares. But it is only a hair's breadth better than the \$43 per share offered by Wheelabrator-Frye.

McDermott may have chosen to raise the ante by only a small amount, gambling on Wheelabrator-Frye's known reluctance to get involved in a bidding war. It is also offering to buy more shares for cash than Wheelabrator-Frye, which originally proposed to pay for 2m to 4m, with the rest of the combination to be sorted out in various ways later.

McDermott's bid, which extends until September 12, depends on a minimum of 5.4m shares being tendered.

McDermott said it reserved the right to withdraw the offer if, before it accepts the tendered shares for payment, the New York Stock Exchange authorised the listing of up to 1.8m new shares purportedly issuable by Pullman to Wheelabrator-Frye.

Bid for Royal Trustco  
viewed 'with concern'

BY ROBERT GIBBENS IN MONTREAL

THE CANADIAN Federal Department of Insurance, which administers Federally-chartered trust companies, is looking "with concern" on the C\$413m (US\$360m) bid made by Campeau Corporation for Canada's largest trust company, Royal Trustco.

The Department attempts to maintain the independence of major Canadian financial institutions, even though there is no limit on shareholdings by Canadian residents, except in the case of chartered banks, where they are limited to 10 per cent. In the case of Royal Trustco, no single shareholder can, under its by-laws, actually vote more than 10 per cent of the stock. The management of Royal Trustco has urged shareholders not to take any action on the Campeau bid of C\$21 per common share and C\$20.50 share for the preferred, until they receive a circular from the directors.

Royal Trustco has assets of over C\$7bn and, besides operations throughout Canada,

has subsidiaries and affiliates in the southern U.S., the UK and Europe.

Mr. Kenneth White, chairman of Trustco, said a rival bid would not necessarily be welcomed and the company was not seeking Government intervention.

Campeau is a major real estate and land developer in Canada, and the U.S., mainly, and also has subsidiaries in several other businesses.

ROYAL BANK OF CANADA, the largest chartered bank in Canada, earned C\$76.2m (U.S.\$65.7m) in the third quarter against C\$68m a year ago on revenues of C\$1,840m against C\$1,830m. Nine-month earnings totalled C\$229.9m compared with C\$198.6m, on revenues of C\$5.3bn against C\$5.5bn.

I.G. Index clients speculate, free of tax, in very small to very large amounts on the London Traded Commodity Exchange (LTC).

1. The STERLING/DOLLAR exchange rate.  
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Income at  
Sasol runs  
ahead of  
forecast

By Jim Jones in Johannesburg

SASOL, South Africa's oil-from-coal facility, which is planned to reduce significantly the country's dependence on imported crude oil over the next few years, has announced higher earnings than forecast in its July 1979 public issue document.

Compared with an offer document estimate of R94m, Sasol earned a tax profit of R121.7m (\$180.7m) for the year to June 28, 1980. Turnover was R133bn for the year.

Sasol became a quoted company last October after a R490m private placing of shares with local institutions, and a 31-month over-subscribed R35m share offer to individuals at a price of R2 per share.

Institutional buyers for shares were allowed to take up 147m shares of their allocation in three tranches during 1980 to 1981. But based on the assumption that all the institutional shares were taken up by last September Sasol estimated its earnings per share at 25 cents for the fiscal year 1979-80. The company has beaten that forecast and declared a dividend of 32.4 cents a share. A total dividend of 11.5 cents was forecast for the period from the date of issue of the shares, equivalent to an annualised 14 cents. That forecast has now been overtaken by the declaration of an 8.5 cents final dividend to follow the 4.5 cents declared at the interim stage, in December, making a total of 13 cents.

The same dividend promised an annual dividend growth rate of 12.5 per cent, based on the 14 cent annualised forecast, a promise which it was possible to make as Sasol sells its liquid fuels in a price-controlled domestic market. Sasol's selling prices are, however, related to world crude oil prices.

Last year's public issue of shares was the first of several planned issues, which will be used to the coming on stream of each Sasol phase.

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## COMMODITIES/REVIEW OF THE WEEK

Copper down on hopes  
of end to U.S. strike

HOPES THAT the two-month strike of U.S. copper workers will soon be over pushed copper prices sharply lower on the London Metal Exchange this week.

With the world industrial recession hitting consumption the strike has been the only significant factor preventing a further decline in the copper market. So news that Kennecott, the biggest producer involved, had reached a tentative agreement "with its workers" brought an immediate downturn. Workers' leaders were due to vote on Kennecott's pay offer yesterday and a unanimous acceptance was predicted.

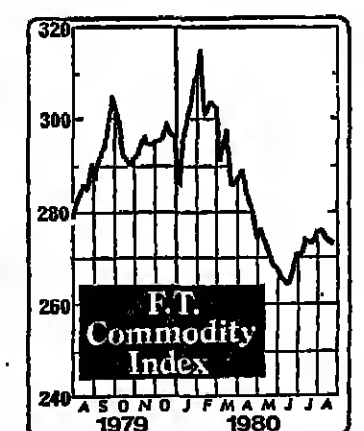
Observers were confident that

settlements would be reached at other strike-bonded companies following the Kennecott breakthrough.

On the LME the cash copper wirebars price rose £12.5 to £329 a tonne yesterday but it still finished the week £25 down on balance. Dealers attributed yesterday's advance to covering by investors against "short" positions taken out earlier.

A report that serious labour problems were looming in the Zambian copper industry had boosted prices in mid-week.

Other metals markets were relatively quiet. Cash standard grade tin ended \$6.5 higher at \$7,135 a tonne, cash lead at \$25.25 lower at \$358.25 a tonne and



cash zinc \$8.75 lower at \$321 a tonne.

Another stockpile to sale was held by the U.S. General Services Administration this week but once again it turned out to be a damp squib. Offers were received for 125 tonnes of metal but with the highest being at \$7.64, below the spot market price, none was accepted. Since the sales began on July 1 only five tonnes of tin has actually been sold.

In the "soft" (non-metal) commodity markets cocoa and coffee were weaker but sugar gained a little ground.

Sugar futures values moved higher early in the week, encouraged by a forecast by statistician F. O. Licht that the European beet crop would be down 530,000 tonnes in 1980-81. But they fell away sharply following an exceptionally high 165,750 tonnes allotment at the weekly EEC export tender. The weekly EEC export allotment for three years and was 11 times last week's figure.

The preceding rise was also encouraged by talk of Chinese and Russian buying, dealers said. Some also quoted reports of locust damage to the Thai rice crop and flooding in the Soviet Union but these factors were not generally taken very seriously in the market.

On the coffee market the decline sparked off by last week's lifting of the Brazilian export ban continued. The November futures price ended the week \$82 lower at \$1,114.5 a tonne.

The ending of the ban was seen as an admission of defeat by Brazil as it had signally failed in its aim of boosting world prices. It was prompted by a \$300 fall in world prices in a month but whilst it was in force they fell another \$200. Another \$150 has been wiped off nearby values since it was lifted.

This week's fall in cocoa values was fairly modest by comparison at \$18 to \$19.5 a tonne. But it was enough to take prices to new four-year lows.

Dealers said the fall was encouraged by signs that Ghana, one of the world's biggest producers, was negotiating a reduction in the export price in line with the trend in world prices.

## MARKET REPORTS

## BASE METALS

COPPER—Bullish on the London Metal Exchange following short-covering and a strong opening on Comex which lifted three months from \$237 to a high of \$247 prior to a close on the late kerb of \$245.5. Turnover 20,300 tonnes.

	a.m.	+	p.m.	+
COPPER	Official		Unofficial	
	£	£	£	£
Wirebars				
Cash.....	824.25	+13.2	828.5	+29.5
3 months	842.5	+43.14	846.5	+47.12
6 months	825	+13.5	—	—
Section's				
Cathodes				
Cash.....	794.05	+14	727.09	+12.2
3 months	818.19	+14	822.23	+13
6 months	795	+14	—	—



# Industrials' trading profits rise by 10.2%

TRADING PROFITS of 321 industrial companies reporting between mid-January and mid-April this year rose by only 10.2 per cent, according to the latest Financial Times survey on industrial profits.

The previous survey, covering the period from mid-October 1979 to mid-January 1980, showed 381 industrial trading profits up by a similar amount with a 10.4 per cent improvement.

The four most distributive reporting in the latest survey showed an average increase of 31.8 per cent, extending the 22.3 per cent improvement reported by 14 companies in the previous period. The latest figures include the results of one of the major groups, which showed a 30 per cent rise.

The 92 financial companies reporting, including 59 investment trusts, showed a 7.5 per cent rise, compared with

a 24.3 per cent rise for the account year ended in the period between October 15, 1979 and January 14, 1980. Two big purchase companies reported gains of 50.1 per cent, although these were offset by one bank reporting a 30.2 per cent fall at the trading period covered by the previous survey showed a 75.1 per cent rise.

A more indicative trend is shown by the 25 engineering companies, which reported a 2.3 per cent rise. This compares with the 66 companies in the last survey which showed a 2.7 per cent rise.

Although one brewery company showed a 31.4 per cent rise in trading profits in the previous survey, the seven companies reporting this time showed a rise of 3.6 per cent. Reasonable trading gains were shown in consumer durables with the exception of toys and games and

tobacco, which showed a 26.2 per cent fall for one company. Newspapers and publishers were an outstanding feature, showing a 27.4 per cent gain from four companies, compared with the 0.5 per cent rise in the previous survey.

Five food manufacturing companies showed a 20.1 per cent rise, against the 2 per cent rise for the two companies reporting in the period mid-October and mid-January. Despite the removal of dividend controls, the growth of dividends among industrial companies was only 23 per cent compared with a 33.8 per cent rise in the previous survey period. This compares with the 35.4 per cent rise in dividends in the same period for the previous year.

Net return on capital of the industrialists was 16.9 per cent, a decline of nearly a percentage point on the same period in 1979.

## TREND OF INDUSTRIAL PROFITS

### ANALYSIS OF 317 COMPANIES

The Financial Times gives below the table of company profits and balance sheet analysis. This covers the results (with the preceding year's comparison in brackets) of 317 companies whose account year ended in the period between January 15, 1980, and April 14, 1980, which published their reports up to the end of July, 1980. (Figures in £000).

INDUSTRY	No. Cos.	Trading Profits	Profits before Int. & Tax	Pre-tax Profits	Tax	Earnings for Ordinary Dividends	Ord. dividends	Cash Flow	Net Capital Employed	Net Current Assets
		(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
BUILDING MATERIALS	17	389,628	277,181	288,002	35,011	165,932	32.8	42,288	1,440,037	553,532
CONTRACTING & CONSTRUCTION	7	36,765	23,815	17,840	2,302	14,947	34.2	2,793	24,800	32,475
ELECTRICALS (EX ELECTRON. ETC.)	4	33,266	25,800	20,210	3,001	17,664	5.3	3,918	135,601	69,823
ENGINEERING	23	109,750	83,492	68,074	16,228	50,864	-3.0	18,826	54,037	237,232
MACHINE TOOLS	4	62,568	44,954	34,637	7,239	23,552	-7.8	10,422	327,169	186,629
MISC. CAPITAL GOODS	3	72,278	62,566	47,943	11,639	36,801	86.5	10,143	35,091	146,792
TOTAL CAPITAL GOODS	62	674,613	517,965	416,856	28,744	311,061	86.5	87,006	3,195,135	1,825,887
ELECTRONICS	6	128,806	128,653	103,523	22,544	78,867	+1.2	22,723	380,781	227,102
RADIO & TV	6	128,806	128,653	103,523	22,544	78,867	+1.2	22,723	380,781	227,102
HOUSEHOLD GOODS	6	34,310	25,403	19,326	5,028	13,111	-4.1	4,060	161,192	62,408
MOTORS & COMPONENTS	7	72,331	33,973	26,879	12,003	24,288	-27.8	9,118	29,228	144,695
MOTOR DISTRIBUTORS	4	24,158	10,113	8,870	460	8,310	+14.2	1,693	90,387	10,463
TOTAL CONSUMER DURABLES	25	323,699	222,906	170,398	18,036	118,823	-12.3	27,619	1,178,926	414,558
BREWING	7	308,276	243,607	172,028	14,232	143,223	+3.5	47,294	8,072,413	269,334
DISTILLERIES & WINES	1	840	657	137	1	137	+44.2	76	8,074	1,883
HOTELS & CATERERS	1	840	657	137	1	137	+44.2	76	8,074	1,883
LEISURE	3	52,194	25,505	17,510	10,705	6,779	-5.5	4,433	164,827	15,148
FOOD MANUFACTURING	6	170,287	129,532	110,310	26,975	72,117	-24.7	15,632	607,038	128,563
FOOD RETAILING	6	128,250	93,132	87,112	8,270	76,166	+13.2	17,773	612,002	66,713
NEWSPAPERS AND PUBLISHERS	4	31,243	17,351	15,901	6,756	8,898	+27.1	2,485	60,284	16,092
PACKAGING AND PAPER	8	121,343	74,781	62,223	18,059	39,745	-1.6	15,816	559,104	147,266
STORES	32	747,945	617,607	550,291	195,787	352,312	+4.6	136,667	3,087,110	697,475
CLOTHING AND FOOTWEAR	16	31,286	22,713	15,117	3,197	11,376	-11.4	4,510	180,944	12,549
TEXTILES	15	257,137	166,485	112,225	23,535	80,715	-2.8	36,777	1,279,251	549,491
TOY AND GAMES	1	10,403	8,029	3,609	23	3,662	-	384	85,440	27,073
TOTAL CONSUMER NON-DURABLES	26	1,859,486	1,405,118	1,149,513	222,906	723,043	-4.4	282,185	8,839,670	1,802,947
CHEMICALS	4	187,840	158,311	141,828	47,511	93,591	-3.1	41,912	591,332	222,890
OFFICE EQUIPMENT	3	3,825	2,482	1,006	567	389	-75.3	340	19,203	8,622
SHIPPING	2	7,997	1,003	121	1	121	-	543	7,225	4,132
MISC. INDUSTRIAL	31	428,776	279,632	277,632	77,416	199,072	-32.3	54,043	1,748,836	825,461
TOTAL INDUSTRIALS	221	5,492,976	4,162,518	3,634,033	919,054	2,595,253	+9.3	504,267	17,601,001	4,432,504
OIL	1	6,163	4,918	3,564	11	3,538	-23.5	485	19,182	7,388
BANKS	1	45,802	42,066	42,066	16,547	25,521	+19.6	8,837	243,910	124,338
INSURANCE	18	82,888	81,000	81,000	16,547	25,521	+19.6	8,837	243,910	124,338
INVESTMENT BROKERS	1	17,810	12,859	12,859	5,101	7,109	-16.8	4,161	7,245	9,791
INVESTMENT TRUSTS	88	129,646	104,046	104,046	54,328	106,866	+33.8	8,928	9,633,351	1,008
PROPERTY	19	134,788	130,788	131,183	48,138	90,825	-34.7	22,002	1,158,953	6,100
MISC. FINANCIAL	1	1,163	1,163	1,163	1,163	1,163	-	1,163	1,163	1,163
TOTAL FINANCIAL	92	448,939	374,258	374,258	107,434	221,858	+20.8	150,114	15,145,529	7,345,574
RUBBERS	1	1,163	1,163	1,163	1,163	1,163	-	1,163	1,163	1,163
TEA	1	1,163	1,163	1,163	1,163	1,163	-	1,163	1,163	1,163
TIN	1	1,163	1,163	1,163	1,163	1,163	-	1,163	1,163	1,163
MISCELLANEOUS MINING	1	1,163	1,163	1,163	1,163	1,163	-	1,163	1,163	1,163
OVERSEAS TRADERS	1	1,163	1,163	1,163	1,163	1,163	-	1,163	1,163	1,163
TOTAL COMMODITIES	3	6,882	4,358	4,068	2,046	9,222	-38.1	1,090	94,862	17,543

### NOTES ON COMPILATION OF THE TABLE

The classification follows closely that of the Institution of Financial Actuaries, which has been adopted by the Stock Exchange Daily Official List. Col. 1 gives trading profits plus investment and other normal income property belonging to the financial year covered. The figure is struck before charging depreciation, loan and other interest, directors' emoluments and other items normally shown on the profit and loss account. Excluded are all exceptional or non-recurring items such as lot awards, capital profits, unless the latter arise in the ordinary transaction of business.

Col. 2 groups all corporate taxation (including Corporation Tax, Income Tax, Stamp Duty, etc.) and future tax provisions but excluding adjustments relating to previous years.

Col. 3 gives the net profits accruing on equity capital after meaning:

- 1—Minority interests.
- 2—All other charges—sinking fund payments, etc., and Preference dividends.
- 3—Provisions for staff and employees' pension funds where this is a standard annual charge against net revenue.
- Col. 4 sets out the net cost of dividend on equity capital.
- Col. 5 is the capital dividend, net of a year's trading.
- Col. 6 is the capital dividend, net of a year's trading.
- Col. 7 is the capital dividend, net of a year's trading.
- Col. 8 is the capital dividend, net of a year's trading.
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## OFFSHORE & OVERSEAS FUNDS

Albany Fund Management Limited

	P.O. Box 73, St. Helier, Jersey	0534
	P.A. 50, P.O. (G.I.)	0534
571	Alfred Harcourt, 157 Ave. de la Liberte, Paris 15, France	0534
	Sept. 1, 1961	
	<b>Alexander Fund</b>	
	10, rue Notre-Dame, Luxembourg	
585	Alexander Fund, 1031279	
	Net assets value Aug. 25	
	Alan Harvey & Ross Inv. Mgt. (C.)	
	1 Charles Cross, St. Helier, Jersey	0534
592	Adv. of the City of London, 100, Abchurch Lane, London, E.C. 4, England	0534
	AHR 601, 111174	11.74
	Aug. 25, 1961	
	<b>Alliance International Dollar Reserve</b>	
	Box of Bankers, Hamilton, Bermuda	
	Adv. of the City of London, 100, Abchurch Lane, London, E.C. 4, England	
599	Daily Dec. 31, 1978 0.000454 (1.8%)	
	Aug. 25, 1961	
	<b>Armistead Securities (C.I.)</b>	
	P.O. Box 283, St. Helier, Jersey	0534
	Adv. of the City of London, 100, Abchurch Lane, London, E.C. 4, England	
	Aug. 25, 1961	
	<b>Gov't Sec. Trst. Co. (C.I.)</b>	
	100, Abchurch Lane, London, E.C. 4, England	0534
	Aug. 25, 1961	
	<b>Starting Fund</b>	
	100, Abchurch Lane, London, E.C. 4, England	0534
	Aug. 25, 1961	
	<b>Bank of America International S.A.</b>	
	30 Boulevard Royal, Luxembourg	
733	Widened Income, 1031279 (10.002-10.7)	
	Prices at Aug. 25, 1961	
	<b>Bankers Brocages London &amp; Jersey Ltd.</b>	
	100, Abchurch Lane, London, E.C. 4, England	0534
	Aug. 25, 1961	
	<b>Barclays Bank</b>	
	P.O. Box 65, St. Helier, Jersey	0534
	Adv. of the City of London, 100, Abchurch Lane, London, E.C. 4, England	
	Aug. 25, 1961	
	<b>Barclays Unicom International</b>	
	1 Charles Cross, St. Helier, Jersey	0534
	Adv. of the City of London, 100, Abchurch Lane, London, E.C. 4, England	
	Aug. 25, 1961	
	<b>Barclays Unicom</b>	
	1 Charles Cross, St. Helier, Jersey	0534
	Adv. of the City of London, 100, Abchurch Lane, London, E.C. 4, England	
	Aug. 25, 1961	
	<b>Barclays Unicom</b>	
	1 Charles Cross, St. Helier, Jersey	0534
	Adv. of the City of London, 100, Abchurch Lane, London, E.C. 4, England	
	Aug. 25, 1961	

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		*Next sat. 68.344.2
	P.Brown Shipley Sts. C. (Jersey)	
	P.O. Box 923, Newark, N.J.	
64,741	Sigs. Del. Fr. (n)	9.388-00.00
	Starting Cap. \$100,000	100.000.00
	Bethfield	
	P.O. Box 555, Hamilton, Bermuda	
	Business Address	11533-52 4.57
	Betters inc Inc	11533-52 4.57
	*June 11, Next sat. Sep. Sat	
5,400	Capital International S.A.	
	43, Boulevard Royal, Luxembourg	
	Capital Int'l Fund	1.000.000.00
	Cashewnuts Japhet	
	1 Patemore Row, EC4	.01
	Aldridge	1000-39
	Alfred E. Jones	5.77-1.00
	Fondick	29.94-0.00
	W. H. Jones	29.94-0.00
6,788	Empcor Fund	5.50-0.00
	Hopson	5.50-0.00
	Daily Dealings	
	Cline Investments (Jersey) Ltd.	
	P.O. Box 151, Peter Port, Jersey	
	C. H. Hill Growth Fd.	10.00-0.00
	Gilt Edg. Bond Fd.	10.00-0.00
	Gilt Edg. Growth Fd.	9.97-0.00
	Daily Dealings	
	Corahill Inc. (Guernsey) Ltd.	
	St. Peter Port, Guernsey	
	Int'l. Man. Fd.	200.05 218.00
	Craigmont Fixed Int. Mngrs. .	
	P.O. Box 195, St. Helier, Jersey	
	Gilt Edg. Bond Fd.	10.00-0.00
13,71	Valed waded waded waded	
	DWS Deutsche Ges. F. Wertpap	
	Grunschweig 113, Frankfurt	
	Investment	1000.70 36.60
	Nelta Group	
	P.O. Box 2012, Nassau, Bahamas	

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Intl. Managed Bond...	1113	1172	...
<b>General Portfolio Life Ins. Co. Ltd.</b>			
Crossbrook St., Chesham, Herts.		Waltham X	
Portfolio Fd. Acc.	168.6		
Portfolio Fd. Int.	158.4		
Portfolio Man. Acc.	47.3	99.9	
Portfolio Man. Int.	45.4	47.8	
<b>Gresham Life Ass. Soc. Ltd.</b>			
2 Prince of Wales Rd., B'nmouth.			
G.L. Cash Fund	115.3	121.4	
		124.9	

G.L. Emory Fund				
G.L. Gen'l Inv.	132	136	+	0.8
G.L. Gilt Fd.	134	141	-	7.9
G.L. Int'l Bond	132	136	+	0.8
G.L. Pkwy. Fund	121	127	+	5.5

<b>Growth &amp; Sec. Life Ass. Soc. Ltd.</b>				
Weir Bank, Bray-on-Thames, Berks.				0628
Flexible Finance		115	+	0.8
Securities		56.00		
Landmark Sec. Acc.	132	136	+	0.8
G. & S. Super Fd.		£8.656		

<b>Guardian Royal Exchange</b>				
Royal Exchange, E.C.3.				01-28
Guardian Assurance				
General Guaranty	1248.2	258.5	+4.3	
GRE Linked Life Assurance Limited				
Managed Initial	1134.6	142.7	+0.8	
Do. Accum.	740.3	127.1	+0.8	
Do. Term	100.0	127.1	+0.8	

Charity Initial	52.6	164.9	+0.9
Charity, Inc. Initial	52.6	131.0	-0.9
Fund Inc. Initial	124.4	195.6	-0.9
Do, Account	128.8	195.6	-0.9
International Initial	709.4	115.2	-1.3
Do, Account	705.5	111.1	-1.3
Property Initial	199.0	114.8	-1.3
Do, Account	194.2	109.7	-1.3
Deposit Initial	1047.2	115.5	-1.3
Do, Account	107.0		
S&P Pensiones Manager		121.1	-1.3
Initial	115.4	122.6	-1.3
Pens. Managed Acc.	116.1	123.5	-1.3
Pens. Managed Acc.	117.6	124.5	-1.3
Pens. Equity Initial	118.2	112.6	-0.5
Pens. Equity Acc.	117.1	111.6	-0.5
Pens. Fund Inc. Initial	108.3	114.4	-0.5
Pens. Fund Inc. Acc.	106.1	107.5	-0.5
Pens. Int'l. Acc.	102.1	108.2	-0.4
Pens. Int'l. Acc.	103.3	108.8	-0.4
Pens. Prop. Initial	97.0	103.2	-0.4

Pers. Prop. Acc.	101.5	107.0
Pers. Equip. Acc.	101.5	107.0
Pers. Deprac. Acc.	102.7	108.2
<b>Hambro Life Assurance Limited</b>		
7 Old Park Lane, London, W1		
Fixed Int. Dep.	237.9	
Equity	221.5	33.2
Property	172.2	107.0
Managed Cap.	221.5	107.0
Managed Acc.	221.5	107.0
Overseas	143.3	
Gift Edged	121.7	
American Acc.	151.9	+0.7
Pers. F.I. Dep. Cap.	271.2	+1.0
Pers. F.I. Dep. Acc.	271.2	+1.0
Pers. Prop. Cap.	286.0	+2.3
Pers. Prop. Acc.	286.0	+2.3
Pers. Man. Cap.	370.5	+2.3
Pers. Man. Acc.	370.5	+2.3

Pen. Gifted Acc.	167.1	-1.7
Pen. Gifted Acc.	167.1	-1.7
Pen. Gift. Edg. Acc.	236.8	-1.2
Pen. Edg. Acc.	355.0	+8.1
Pen. B.S. Cap.	151.1	158
Pen. B.S. Cap.	151.1	158
Pen. B.S. Cap.	151.1	158
Pen. O.A.F. Cap.	123.9	+1.2
Pen. O.A.F. Acc.	135.5	+1.6

**Hearts of Oak Benefit Society**  
 129, Kingsway, London, WC2B 6NF  
 Hearts of Oak ..... 12.9 45.6

**HBI Samuel Life Assur. Ltd.**  
 NLA Tw., Addiscombe Rd., Croy.  
 Property Units ..... 0  
 Property Units ..... 0  
 Managed Series A ..... 0

Managed	127	127	127
Money Series C	127	127	127
Money Units	127	127	127
Money Series A	127	127	127
Fixed Int. Ser. A	127	127	127
Equity Series	127	127	127
Pers. Managed Cap.	127	127	127
Pers. Managed Acc.	127	127	127
Pers. C'ed. Acc.	127	127	127
Pers. Equity Cap.	127	127	127
Pers. Equity Acc.	127	127	127
Pers. Fnd. Int. Acc.	127	127	127
Pers. Prop. Acc.	127	127	127

Growth Fd. Aug. 29	96.7	105.1	-1
Pen. Man. Fd. Aug. 29	88.2	95.9	-1
Unit Linked Portfolios			
Managed Fund	112.1	118.0	-1
Fixed Inc. Fd.	112.4	118.3	-1
Secure Cap. Fd.	113.0	118.9	+0
Equity Fund	123.4	129.9	-1
Irish Life Assurance Co. Ltd.			
Ballinlin House, 77/11 Mooregate, EC2 01A			
Blue Chip Aug. 22	84.9	89.4	-1
Blue Chip Ser. II	118.2	116.9	-1
Managed Fund	280.4	285.9	-1
Managed Fd. Ser. II	112.9	118.8	-1
Managed Fd. Ser. II	149.5	157.4	-1
Exempt Man. Fd.	245.4	258.3	-1
Prop. Mod. Ser. Aug. 1	285.5	300.5	-1
Prop. Mod. Ser. Aug. 1	134.0	141.0	-1

King & Shaxson Ltd.  
52 Cornhill, EC3.  
Bond Fd. Exempt ..... £92.82 94.41d +0.

Peris. Manager's Acc.	96.4	
Peris. Property Acc.	96.9	
Peris. Property Acc.	96.9	
Peris. Equity Cap.	100.9	
Peris. Equity Cap.	102.0	
Peris. F. Internal Acc.	99.3	
Peris. F. Internal Acc.	99.3	
Peris. Cash Cap.	98.4	
Peris. Cash Cap.	99.0	
Peris. Intnl. Cap.	98.1	
Peris. Intnl. Cap.	99.0	
Peris. American Cap.	107.7	
Peris. American Cap.	108.8	
Peris. Fair Estm. Acc.	98.0	
Peris. Fair Estm. Acc.	98.8	
<b>Target Life Assurance Co. Ltd.</b>		
Target House, Gatehouse Road, Aylesbury		
Bucks.		
Fixed Inv.	134.0	130.9

Man. Fund Cap.	125.4
Man. Fund Acc.	167.7
Prop. Fd. Inc.	136.4
Prop. Fund Cap.	131.7
Prop. Fd. Acc.	
Prop. Fd. Inv.	
Fixed Int. Fd. Inc.	223.1
Fixed Int. Fd. Cap.	118.4
Dep. Fd. Inc.	124.4
U.K. Equity Fd. Inc.	126.5
U.K. Equity Fd. Cap.	121.0
Int. Equity Fd. Inc.	131.6
Int. Equity Fd. Cap.	115.4
Ret. Plan Ac. Pen.	21.1
Ret. Plan Cap. Pen.	
Man. Pen. Fd. Inc.	
Man. Pen. Fd. Cap.	
Gift Pen. Fd. Acc.	
Gift Pen. Fd. Cap.	

Prop. Pen. Fd. Cap.	119.5	
Comp. Pen. Fd. Acc.	12.7	
Genr. Pen. Fd. Cap.	11.7	
D.A. Pen. Fd. Acc.	119.4	
O.A. Pen. Fd. Cap.		119.4
<b>Transnational Life Ins. Co.</b>		
<b>2 Beam's Bldg., ECAA 1HU.</b>		
*Series 2 Man. Fd.	119.5	125.7
*Series 2 Equity Fd.	125.7	127.0
*Series 2 Profit Fd.	130.2	148.0
*Series 2 Fixed Inc. Fd.	130.2	148.0
*Series 2 Money Fd.	130.2	148.0
*Corp. Invest. Fd.	130.2	148.0
*Multi Managed Fd.	148.1	154.4
*Divid. Inv. Fd. Inc.	119.0	125.4
*Vntg. Inv. Fd. Acc.	119.0	125.4
*Vntg. Inv. Fd. Cap.	125.5	171.0
Man. Port. Fd. Acc.	182.5	195.5

Trident Life Assurance Co. L		
0661	London Road, Gloucester	160
	Managed	
	Est. Mod.	
	Property	
	American	
	U.K. Equity Fund	
	High Yield	
	Gilt Edged	
	Money	
	International	
	Fiscal	
	Growth Cap	
	Externally Acc.	
0657	Pers. Equity Acc.	
	Pers. Mngd. Acc.	
	Pers. Gilt Edged Acc.	
	Pers. Gilt Dep. Acc.	

0606	Penk. R. Bond	4	40
	Tn Insp	0	0
	My Fund	0	0
	<b>Typical Assurance/Pensions(a)</b>		
	18, Cayange Road, Bristol.		
	3-Way	150.6	150
	Dis. Pens.	168.9	168
	Equity	191.4	191
	Bond	182.8	183
	Property	148.5	149
	Overseas Inv.	36.0	36
	UK Inv.	176.5	177
	Deposit	151.4	151
	Min. Pen. 3-W	222.8	223
	Equity Pen.	213.2	213
	Bond Pen.	126.4	126
	Prop. Pen.	169.2	169

Vanburgh Life Assurance	
41-43, Maddox St., Ldn. W1R 9LA	
Managed Fd.	180.7
Equity Fd.	207.2
Intl. Fd.	107.4
Fixed Int. Fd.	184.5
Prop. Fd.	112.8
Cash Fd.	141.3
Vanburgh Pensions Limited	
41-43, Maddox St., Ldn. W1R 9LA	
Managed	113.2
Equity	151.1
Fixed Interest	122.5
Property	128.9
Guaranteed	14.25

Welfare Insurance Co. Ltd.  
Winstade Park, Exeter.  
Money-making Fd. 118.5  
For other funds, please refer to  
Manchester Group.

Windsor Life Assur. Co. Lt.  
Royal Albert Hse., Sheet St., Whitby  
Investor Units 192.6 9  
Accum. Pay. Units 136.3 9  
Flex. Inv. Growth 123.2 12  
Future Asset Growth 26.0(A) 58.0  
RET. Ass'd Pen. £27.64

4 E.A. Incense Fund.....	50.3	53.41
1 E.A. Savings.....	152.69	62.73
1 F.A. Equity.....	157.67	61.90
Wardrobe Cn. Fd.....	119.36	20.20
*Hest. dealing Sept. 3. **Hest. dealing		
<b>Essexbond Holdings N.V.</b>		
Pietermaai 15, Willemsdijk, Curacao.		
Giro Hldgs.....	US\$20.97	21.80
<b>F &amp; C Mgmt. Ltd. Inv. Advis.</b>		
1-2 Laureate Pountney Hm, EC4.		
C. Company Fd.....	US\$9.47	
F. & C. Oriental Fd.....	US\$15.05	
Prices August 20. Weekly deals		
<b>Fidelity International Ltd.</b>		
P.O. Box 670, Hamilton, Bermuda		
Wardrobe Fse., Don St., St. Helier,		

52 36541	Free World Food Ltd.	
	Banmerfield Bldg., Hamilton Bermuda	
	NAV June 30	US\$137.69
	S.T. Management Ltd.	
	Park House, 16 Finlasy Circle, London	
	Te: 01-628 8131. TLY: 886100	
	London assets:	
	Anchor 3% Units	US\$147
	Anchor Gilt Edge	29.25
	Anchor Int. Fd.	US\$57.18
	Anchor Int. Inv. Tr.	33.4
	Berry Park Fd.	US\$49.98
	Berry Park Corp	52.25
	G.T. Asia Fd.	US\$15.31
	G.T. Asia Sterling	21.80
	G.T. Australia Fd.	US\$19.22

HK & P. U.S.	US\$11.16	17.39
Japan Fed.	US\$11.59	21.92
U.S. American Tr.	US\$11.59	21.92
Intl. Bond Fund	US\$12.50	12.89
<b>Barclays Fund Managers (Intl)</b>		
P.O. Box 32, Douglas, Isle		
Gartmore Intl. Inc.	120.0	21.2
Gartmore Intl. Corp.	107.2	114.0
<b>Guinness Mahon Fund Mgrs. (C)</b>		
P.O. Box 188, St. Peter Port, Guernsey		
Intl. Fund	US\$21.66	21.3
Price at August 28. Next despatch		
<b>Hampshire Pacific Fund Mgmt.</b>		
2110, Connaught Centre, Hong Kong		
Far East Aug. 20	HK\$19.80	28.8
Japan Fund, Sept. 1	US\$8.59	9.2



**Investment**  
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can help  
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on 01-243 4891 (or Freephone 2425)

# FT SHARE INFORMATION SERVICE

FOOD, GROCERIES—Cont.

## BRITISH FUNDS

"Shorts" (Lives up to Five Years)

"Shorts" (Lives up to Five Years)									
99%	Treasury 1973-1980	99%	13.89	13	99%	Treasury 1973-1980	99%	13.89	13
99%	Treasury 1973-1980	99%	13.89	13	99%	Treasury 1973-1980	99%	13.89	13
99%	Treasury 1973-1980	99%	13.89	13	99%	Treasury 1973-1980	99%	13.89	13
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99%	Treasury 1973-1980	99%	13.89	13	99%	Treasury 1973-1980	99%	13.89	13
99%	Treasury 1973-1980	99%	13.89	13	99%	Treasury 1973-1980	99%	13.89	13
99%	Treasury								



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# FINANCIAL TIMES

Saturday August 30 1980

City Offices  
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## MAN OF THE WEEK

### Cricket's classic voice over

BY TREVOR BAILEY

IT WAS appropriate that the Centenary Test, which is more than a cricket match and probably the greatest Anglo-Australian cricket occasion ever celebrated in this country, should coincide with the retirement of John Arlott, the best known and loved of all cricket commentators. His first cricket broadcast was India v. Worcester in May 1946. Since then he has recorded matches from all the county grounds and has covered every test in this country. In his own distinctive style he brought a new dimension to cricket commentaries.

Cricket with its eternal ebb and flow, quiet periods and sudden surges of excitement, is especially well suited to radio.



John Arlott  
Cricket's folk hero

probably rather more than any other sport John has exploited this to the full bringing the charm of the game to the people in a way which nobody believed possible. He simply painted scenes in his unmistakable Hampshire hurr. "Here comes Fred Trueman, broad shouldered, deep chested, hair flopping. He delivers the ball and Neil Harvey with a roar of the wrists plays it down to third man."

What has made John special? First, there is his great command of language and turn of phrase, which one might expect from somebody whose initial radio appointment was as producer of poetry and drama for BBC Overseas. Secondly, he loves the game he describes with real passion. Finally he is a brilliant and experienced broadcaster. Last night the BBC held a small function in his honour. To mark this occasion they presented him with cut glasses and a decanter which summed it all up rather well. On one side of the decanter was a picture of the master and his hero, the late Sir Jack Hobbs and on the other these words "The BBC voice of cricket, with affection. Nobody may be indispensable but there is no doubt that John is irreplaceable."

Although John Arlott makes broadcasting appear easy—do not be misled. He gradually learned his trade over the years until he eventually became the true craftsman, never at a loss for a word, whether on radio or television. One of John's most inspired 20 minute broadcasts occurred at Lords a few years ago in which he spent the entire time describing the putting on of the covers. It was a genuine tour de force, so brilliant that it left other members in the commentary box for once speechless in sheer admiration.

John was naturally a founder member of the radio programme *Test Match Special* which started to bring half-by-half commentaries on Tests to the people of the world some 23 years ago. It has gradually evolved a unique format and John was once asked to explain the special appeal of the programme. He said "Of course we are really more of a folk than a sports programme." When you receive letters from listeners who say they prefer the broadcast when it rains it is clear he has a point.

John believes his two greatest achievements used the device of quoting another Communist leader, Mr. Gus Hall, secretary-general of the tiny U.S. Communist Party, to attack Mr. Gierke. Mr. Hall is highly trusted in Moscow and has supported the Soviet Union on everything from the invasion of Czechoslovakia in 1968 to the military intervention in Afghanistan. The American Communist leader is quoted as saying the place "because of weaknesses in the leadership and a deformation of socialist method." Mr. Hall said a strike in a socialist country is an expression of "ideological backwardness" for which the "leadership must take the responsibility."

## CLOSURE DATE OF CONSETT STEEL PLANT ADVANCED

### BSC to be decentralised

BY JOHN LLOYD, LABOUR CORRESPONDENT

THE British Steel Corporation is to be decentralised rapidly into profit centres aligned with product markets. A small joint task force of corporation executives and union officials will do this over the next few weeks.

The move was agreed yesterday at the first meeting between the TUC's steel industry committee and Mr. Ian McGregor, BSC's new chairman. However, Mr. McGregor told the committee that he could not change the decision to close the Consett steel plant with a loss of 3,700 jobs. Indeed, closure date is to be advanced from September 30 to 6.

Mr. Bill Sirs, general secretary of the Iron and Steel Trades Confederation and chairman of the steel committee, said after the meeting that "the only way to save Consett now is by united action by the trade

union movement of this country — and you know that can't happen."

However, Mr. Sirs said, the BSC chairman had said he was willing to sell off Consett to a private buyer and that he was actively looking for one. Mr. Sirs refused to say whether or not any private interest had been shown.

Delegates from the Consett plant attended the meeting with Mr. McGregor. They will report back to the workforce. It seems clear the union has no plans for a widespread campaign against closure.

Mr. McGregor told the committee that from an initial impression of the industry's problem he had singled out two priority areas—to achieve competitive costs by matching international productivity levels and to win back domestic share

and increase exports by cutting costs and improving quality.

The method by which Mr. McGregor seeks to achieve these goals will largely be that of decentralisation, based on four main objectives.

These are linking manufacturing and commercial activities in particular product markets under one executive; delegating responsibility for profits to that executive; assigning responsibility to the separate businesses for developing and pursuing the strategy appropriate to them; allowing employees to "identify with the success of the business."

Mr. Sirs said Mr. McGregor told the committee that "for the problems which exist, maybe I came here a bit too late." Mr. Sirs took this to mean Mr. McGregor would have taken widely different decisions on many issues from Sir Charles Villiers, the former chairman.

Though Mr. Sirs said the unions could work with Mr. McGregor on many areas, he feared that the chairman's evident desire to cut the corporation to its "core business" might mean he had a lower output in mind than the 15m tonnes of liquid steel a year currently projected by BSC as an optimum level.

Christian Tyler, Labour Editor, said in a confidential paper sent to the union before yesterday's meeting, BSC had made clear that the ISTC's call in its "alternative strategy" for BSC, for a 10 per cent cut in steel prices to regain market share was out of the question.

It said prospects for the current year were of "continuing losses of a magnitude that could not be sustained by a private company. The corporation only continues to trade as a going concern with the consent of the Government."

## Growing disenchantment with EEC among Tories

BY RICHARD EVANS

DEEP ANXIETY among grass-roots Conservatives over Britain's membership of the EEC is reflected in the latest survey of opinion received from the constituencies.

Sent in by over 500 party discussion groups throughout the UK, they showed a growing disenchantment with the whole concept of the EEC, and warned of the prospects of increasing pressure from the electorate for withdrawal.

The reports, assessed by the Conservative Political Centre in a summary sent to senior Ministers and party leaders, form a pessimistic picture, but Conservative pro-Marketters are not too disheartened.

They point out that the reports were based on discussions conducted last April and May, when anti-Market feeling was at its height, before the Prime Minister negotiated a settlement over Britain's budget contribution.

There are also signs that Ministers are preparing a propaganda exercise aimed at promoting the benefits gained from EEC membership.

Tory leaders realise that growing support for withdrawal would benefit the Labour Party and place the Conservatives in a difficult predicament.

A small number of party groups felt that the UK should withdraw as soon as possible, and that the whole EEC exercise had been a disaster—but most were still firmly committed to the EEC.

The main problem was perceived as the lack of unity within the EEC, the inability to agree on matters of international importance. It was felt that it would be difficult to achieve the ideal of European unity while member countries remained almost totally self-interested, breaking EEC laws

when they did not suit their own purposes.

Most groups felt that the greatest single problem that had to be faced in the 1980s was the revision of the Common Agricultural Policy—the current structure was said to be creating most of the differences within the EEC.

Some groups thought that an equally serious problem would be the growing threat from the Eastern bloc.

Britain, others felt, might have to allow other member states access to its energy reserves in order to gain concessions elsewhere.

Mr. James Scott-Hopkins, leader of the European Democratic Group of Conservatives at the European Parliament, argues that it was healthy that the euphoria which surrounded Britain's belated entry should have given way to a more critical appraisal of the EEC.

## Daily Star heading for big loss

BY ALAN FRIEDMAN

THE Daily Star, the tabloid launched by Express Newspapers in 1978, is thought to be heading for a loss of about £6m in the current financial year.

The newspaper is owned by Trafalgar House, whose interests range from shipping to property. It may be losing at present about £750,000 a month on average.

Lord Matthews, chief executive of Trafalgar House, said circulation now exceeded 1m and that he was generally optimistic about the paper's prospects. He noted that although there were losses at the Star, if the paper had not been launched overhead costs of the Express Newspapers group would still be the same.

"By introducing the Daily

Star we took advantage of excess capacity within the Express group and used the same overheads we had for other papers," he said. Lord Matthews said it was similar to the principle behind the sharing of overhead expenses among the QEE and small passenger-ships which were owned by Trafalgar House.

He said that advertising revenues at the Evening Standard, part of the Express group, had been hit by the general contraction in advertising budgets. Since May, weekly advertising revenue had fallen by about £250,000. At the Daily Express, £250,000 of the drop in advertising revenue was somewhere between £100,000 and £200,000 a week, he said.

Lord Matthews said that

although there would be losses at some newspapers within the Express group, the newspaper and magazines division of Trafalgar House would be in profit. Last year this division made £6.6m before tax.

He also said that September was usually a good month and the situation within Express Newspapers could still improve before the year's end.

At the Observer Mr. Brian Nicholson, joint managing director, said the cover price would be raised from 22p to 25p on September 14. Mr. Nicholson estimated that each additional penny on the cover price would attract about £200,000 in net revenues.

The future of Fleet Street, Page 16

## Times journalists accept 27%

BY JOHN LLOYD, LABOUR CORRESPONDENT

THE TIMES appears again today after a week's absence, following the acceptance yesterday by its 270 journalists of a pay deal worth 27 per cent over 18 months.

The agreement, accepted by the National Union of Journalists' chapel (office branch) with only one abstention, was described as satisfactory by both sides in a joint statement. Times Newspapers has lost six issues of the Times and one each of the Times supplements.

The final deal was said to have achieved the apparently irreconcilable objectives of

keeping the increase within the management-imposed limit of 18 per cent over 12 months, and the arbitrator's award—which was not binding—of 21 per cent over the same period.

This was done by paying all journalists a flat rate of £1,000 between July 1 and October 1 this year, worth 8.5 per cent on average salaries, with a further 12.5 per cent from October 1, bringing the award to 21 per cent from that date.

A further flat rate payment of £675 will be made on July 1, 1980, to cover the following six months.

Since the journalists will receive rises averaging only 8.5 per cent for the first three months of the 18-month period, the management has been able to claim the annual settlement was 18 per cent, a crucial level in forthcoming bargaining with the 3,700 non-journalist employees of Times Newspapers.

A residue of suspicion appears to linger among some journalists over the management's tactic of withdrawing the verbal offer of a deal similar to that finally agreed made on Tuesday evening, and attempting to re-open negotiations.

## TUC leaders seek to end row over Polish visit

BY CHRISTIAN TYLER, LABOUR EDITOR

THE TUC General Council yesterday tried to end argument and uncertainty surrounding its forthcoming delegation to Poland.

The trip is being opposed by anti-Communists on the Right wing of the union movement.

In the hope of burying dissension, the council decided by about 30 votes to four to take the unusual step of submitting an emergency resolution, which carefully expresses support for the Polish strikers, to next week's annual Congress in Brighton.

It is designed to replace three others which have already been put by individual unions. But these may not be withdrawn before Wednesday's debate. One of the resolutions, from

the Civil and Public Services Association, says the visit should be called off.

Yesterday's decision by the council was something of a tactical shift since only recently its finance and general purposes committee decided to leave expressions of support for the Polish workers to individual unions.

The council also reaffirmed its decision to go ahead with the visit which will be divided between the Gdansk area and Warsaw.

Pressed to assess the TUC's chances of meeting the unofficial strikers' leadership, Mr. Len Murray, the TUC general secretary, said the hosts had indicated they "would do their very best to facilitate talks

## Study on spectacles pricing promised

By David Churchill, Consumer Affairs Correspondent

THE GOVERNMENT is planning an urgent study of the supply of spectacles through opticians following widespread criticism of high prices and low quality.

Dr. Gerard Vaughan, the Minister for Health, said yesterday that "in far too many cases the price of glasses in the UK is too high and the quality of frames is too low."

He said the postscript was "clearly unsatisfactory" and announced that "the Government is looking into it urgently with a view to securing changes."

In particular, Dr. Vaughan will consider the preliminary findings of a three-month study of the issue just completed by the Office of Fair Trading. This investigation, the third Government probe in the last five years, confirmed previous findings that there was little competition in the supply of spectacles because of the restrictions imposed on advertising by opticians.

As a result of the OPT's probe and Government pressure, the General Optical Council is considering ways of relaxing the rules on advertising which it is responsible for enforcing.

At present, opticians are forbidden from advertising their prices in their windows of in the Press. This effectively means that consumers have little opportunity to compare prices.

About six out of every 10 adults own spectacles, with almost 7m new pairs bought each year.

The Government is likely to support any voluntary moves by the General Optical Council to change the rules on advertising since the alternative would be to amend the 1958 Opticians Act. Curbs on opticians to be eased, Page 3

## Weather

UK TODAY

CLOUDY, rain at times.

London, S. E. C. and N.E.

England, Borders

Sunny periods, scattered showers developing. Max. 21C (70F).

S.W. and N.W. England, Wales, S.W. Scotland

Showers dying out. Max. 20C (68F).

Rest of Scotland

Rain, heavy in places, becoming brighter. Max. 17C (63F).

Orkney, Shetland

Rain and fog. Max. 12C (54F).

Outlook: Dry in south, rain in north. Warmer.

WORLDWIDE

Y day Y day

midday midday

°C °F °C °F

Algeria F 29 79 Milan S 26 79

Algiers S 29 84 Montreal S 15 59

Amsterdam S 21 70 Moscow S 14 57

Bahram S 36 97 Nairobi S 20 68

Barrut S 29 84 N. York C 30 86

Belgrad C 28 82 Oporto S 26 77

Berlin S 24 75 Oslo S 14 57

Boulogne S 18 64 Paris S 25 76

Brussels S 23 73 Perth S 19 66

Budapest S 23 73 Pique S 24 75

B. Aires S 13 56 Rijkswijk S 12 54

Ca's co S 25 77 Rio de J S 23 73

Cape T S 15 59 Riyadh S 37 99

Chicago S 15 59 Rome S 25 77

Copenhagen S 21 70 Salzburg S 18 64

Corfu S 29 84 S. Francisco S 16 62

Coulin S 18 64 Singapore S 26 79

Obninsk S 27 81 Stockholm S 18 64

Faro S 32 90 S. Yambig S 24 75

Frankfurt S 22 72 Sydney S 24 75

Funchal S 26 79 Tangier S 23 91

Geneva S 23 73 Tehran S 34 93

Helsinki S 16 61 Tel Aviv S 28 82

H. Kong S 21 68 Tientsin S 28 82

Isanbul S 28 79 Tokyo S 28 79

Jeddah S 42 108 Toronto S 19 66

Jo'burg S 19 66 Tunis F 28 82

Lubon C 31 88 Valencia S 31 88

London S 19 66 Vienna S 23 73

Luxor S 39 102 Warsaw F 24 75

Madrid S 30 86 Zurich F 23 73

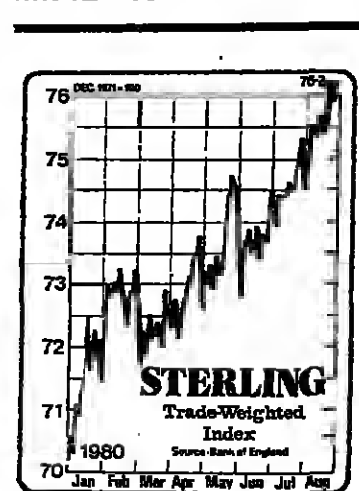
Max S 30 86

C-Cloudy, F-Fair, R-Rain, S-Sunny.

## THE LEX COLUMN

### Stone-Platt limps back

Index rose 1.2 to 483.9



banking arrangements. Any worthwhile dividend is still some way off but a market capitalisation of £13m at 33p—up 3p yesterday—makes the shares look a fair risk.

## Stone-Platt

Stone-Platt's interim results show that its balance-sheet problems are being contained and that its trading performance—although grim—is rather better than expected in March when the group had hurriedly to rearrange its banking facilities. The provisions against closures on the Lancashire textile machinery business are proving adequate. And this division is now working on a five day week, having been working only three days for most of the first six months.

The group has still made a pre-tax loss of £2.5m in the first six months, and although it expects to be profitable over the rest of the year it is not yet clear whether it will be able to make enough to offset the losses to date. But at least the Lancashire business should be moving towards break-even, while the rest of the textile machinery side seems to be doing quite well.

The immediate priority is the balance sheet, which shows net assets of about £32m and borrowings of £47.5m. Roughly £35m of that debt is technically repayable at the beginning of 1982, so although the group has already made a number of disposals it still has a good way to go along this road. With any luck, Stone-Platt will be able to progress far enough over the next six months or so to start negotiating a return to normal

## Alcan (UK)

The aluminium manufacturers are beginning to look nearly as vulnerable to the downturn in demand as other parts of industry—in the UK at least. Alcan Aluminium (UK) has doubled its pre-tax profits at the half-way stage to £7.2m, but the underlying picture remains bleak with the pre-tax loss in current cost terms rising from £4.3m to £5.1m.

The company has managed to resolve the technical problems at its Lynemouth smelter, which has allowed it to push up output by 15 per cent to 95 per cent of capacity and take advantage of the buoyant world demand for aluminium. About six-sevenths of the company's profits can probably be attributed to this source. Meanwhile, there has been a drop in demand of up to 40 per cent between the two quarters on the fabricating side, which has been pushed into loss in April-June. The company has reduced its workforce by 4 per cent so far this year and has put its extrusions plants and sheet business on a four-day week. Nevertheless, an overall loss in the current half is likely to hold this year's pre-tax profit below the poor £6.2m recorded last year.

The shares, which have dropped from 100p to February when the final dividend was halved, fell a further 2p yesterday to 72p, to produce a prospective p/e of 11, full-taxed, and a yield of 13½ per cent if the

final is held at last year's level—as the interim has been. The share performance has been in sharp contrast to those of the six world industry majors, including the Alcan parent, all of which have outperformed the markets since the beginning of the year.

The world industry enters the recession with low stocks—probably no more than 70 days—and greater usage in cars and U.S. autos making up for a lot of the general downturn. At the same time, the adjustment to higher energy costs is still going on, with smelting capacity moving from the U.S. and Japan to the Middle East, Australia and South America. Although there may be shortages for a couple of years as the world moves out of recession and before the new capacity begins operating, on present evidence Alcan (UK) may not be the vehicle through which to invest in aluminium, given that exchange controls no longer exist.

## Post Office

The Post Office's report on accounts have been qualified before but this year's audit report is especially eye-catching. The auditors have not been able to decide whether the accounts form a true and fair view or comply with the Post Office Act. The question is whether the Post Office is hamworthy in this extraordinary state of affairs.

One reason for the auditors' comments is that the Post Office has not yet applied conventional fixed asset accounting procedures to a large part of its assets. This is an enormous task and one which is being tackled with some success. But the real problem last year arose from industrial action at various computer centres which brought accounting and control information to a halt between April and September. At the end of the period the telecommunications side had a six-month backlog of work on general accounting and five months on store movements.

The auditors make it clear that these disputes explain why accounting records were not properly kept and they make no suggestion of any management shortcomings. Of course a qualification like this on a high private sector company would create a major stir. But it is doubtful whether many companies would have sufficient back-up systems to cope with a breakdown in data processing on this scale.

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3-5 Burlington Gardens, London W1X 1LE. Tel: 01-439 4181. Telex